

Clinton Gives Kohl Plan For Special Relationship

Dollar Sellers Send a Signal To America

By Lawrence Malkin

NEW YORK — The dollar plunged against the yen and major European currencies Monday in a rout that sent a message to the Federal Reserve to raise interest rates and to the Clinton administration to stop neglecting America's currency.

After leaders from the Group of Seven industrialized countries left their weekend summit meeting without even mentioning the dollar in their communiqué, the currency lost almost four pence against the Deutsche mark to bottom at the lowest point in 20 months.

The dollar also fell to another in a series of postwar lows against the yen and to a 13-month low against the pound.

The dollar closed Monday in New York at 1.5280 DM, down from 1.5610 Friday, at 1.2890 Swiss francs, down from 1.3160, and at 5.2525 French francs, down from 5.3650. The dollar closed at 97.725 yen, down from 98.055. The pound strengthened to \$1.5720 from \$1.5495.

Dealers said the dollar would have weakened even further against the yen if not for the death of the North Korean leader, Kim Il Sung. Uncertainty in Asia prompted some of those dumping dollars to exchange them for European currencies instead of yen.

There were many explanations for what had turned a steady erosion into a major selloff as there were experts and analysts. Most agreed with Brownwyn Curtis, of Nomura Securities Co. in London, that the Clinton administration had helped bring this on itself by talking down the dollar to gain a trade advantage against Japan, thus upsetting the normal cycle of Japanese companies reinvesting their export profits in dollar-denominated bonds.

"But what made the spiral so deep, and when does it stop?" she asked. "I've spent hours on the phone in international conference calls today, and there is no clear answer."

Wayne Angell, an inflation hawk who served as vice chairman of the Federal Reserve Board and is now chief economist at Bear Stearns & Co., said the Fed was falling way behind in raising interest rates. If the Fed waits for the August meeting of the policy-setting Federal Open Market Committee to tighten, it will have to raise short-term rates a full percentage point, to 5.25 percent, Mr. Angell told clients.

He said he expected a quarter-point raise well before then. A signal could come on July 20, when Alan Greenspan, the chairman of the Federal Reserve Board, appears before Congress for his semiannual report on the Fed's targets.

In the meantime, many traders and analysts focused on the international bond market and what the Federal Reserve could do to stabilize it. More

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An Aid Alliance On East Europe

By Thomas L. Friedman

BERLIN — Acknowledging that a united Germany is now the powerhouse of Europe, President Bill Clinton urged the Germans on Monday to become America's main partners in integrating former East European Communist nations with the economic and military institutions of the West.

Mr. Clinton's basic message was that the German-American military alliance of the Cold War, which had the United States in

President Clinton and Chancellor Kohl demonstrate their chemistry again. Page 3.

a superior role, must be replaced with a more equal partnership focused on economics and the unification of Europe.

Mr. Clinton noted: "Trade, as much as troops, will increasingly define the ties that bind nations in the 21st century."

American officials make clear that they view the other European countries, such as Britain and France, as either too economically weak, or too inward looking, to play a leadership role in Europe.

The "special relationship" is increasingly with Germany.

Chancellor Helmut Kohl said after his talks with President Clinton that his nation was ready to assume the more assertive posture Washington is seeking.

"The excuse that we had for the past 40 years was that as a divided country we were unable to take certain decisions," said Mr. Kohl. "That is something that is no longer valid."

Mr. Clinton and Mr. Kohl said they did not discuss the American dollar, which fell 1 percent Monday against the Deutsche mark — a huge amount for a single day — closing in Frankfurt at 1.5495 DM.

American officials have rationalized the fall of the dollar against the Japanese yen as the natural result of Japan's huge trade surplus with the United States, but the fall of the dollar against the Deutsche mark has to be deeply worrying because it suggests a broader loss of confidence.

Mr. Clinton, the first American president to visit Germany since unification, is leaving Bonn and Berlin this morning on his way to Poland.

Tuesday, he will preside over the deactivation of the last American military unit in Berlin, where there has been a U.S. troop presence for 49 years.

By coincidence, the German high court is expected to rule Tuesday, probably in the affirmative, on the constitutionality of German troop participation in military operations beyond the country's borders.

And Germany is finally coming out of the recession created by the demands of absorbing the former East Germany.

President Clinton timed his trip here to put America firmly on the side of an assertive German leadership posture.

After talks between President Clinton and Chancellor Kohl at the German leader's office in Bonn, Mr. Clinton said at a news conference: "We know from our experience how half of Europe was integrated through NATO and other institutions that built stability after World War II."

"At the heart of our discussion today was what we have to do to integrate Europe's other half, the new independent nations: Poland, the Baltic countries, Russia, Ukraine, Hungary, the Czech Republic, Slovak Republic and others."

While all the attention in the past year was on CLINTON, Page 5



President Bill Clinton and Chancellor Helmut Kohl congratulating each other Monday after their news conference.

Kim Jong Il Makes Public Appearance With Military

Heads of Forces Gather Around Designated Heir As Father Lies in State

By T. R. Reid

SEOUL — Kim Jong Il, the mysterious man who may become the next dictator of Communist North Korea, made his first public appearance in weeks on Monday night, presiding over an elaborately emotional mourning ceremony beside his father's glass-covered coffin.

A brief videotape from Pyongyang's state-run television showed the 52-year-old son, wearing a black arm band on his gray Mao suit and weeping into a handkerchief, with all the nation's military leadership gathered around him at the Presidential Palace where the late ruler Kim Il Sung lies in state.

Family members that some analysts think might be competing for power — the ruler's second wife, Kim Song Ae, and her son, Kim — were not visible.

Again on Monday, North Korean broadcasts referred to Kim Jong Il with such titles as "Excellency" and "Great Leader," titles previously reserved for his father, the only ruler in North Korea since its creation after World War II.

But there was still no announcement that his son has successfully taken control of what is called a hermit state and its million-member military force.

South Korean officials said a formal declaration could come in days, or weeks, or never, depending on how successfully the son maneuvers in the immediate future.

The South Korean foreign minister, Han Sung Joo, said experts in Seoul believed Kim Jong Il was "most likely" to take over as ruler. But Mr. Han said the lack of a clear decision so far makes South Korea somewhat wary of the prospects for a North-South summit meeting.

A summit meeting between Kim Il Sung and President Kim Young Sam — the first such session since the Korean Peninsula was split into two countries — had been scheduled for July 25.

The North sent a brief notice Monday saying that the summit meeting must be "postponed" because of the death of Kim Il Sung.

On Saturday, South Korean officials said they would be willing to go ahead with a meeting as soon as the North named a new president.

But Seoul's foreign minister was more reserved on Monday, indicating that the South would not agree to such a meeting until some North Korean leader could demonstrate actual control.

"If and when a new environment that is conducive to holding a summit arises, discussions for the inter-Korean summit will resume," Mr. Han said.

Plans for the long-awaited summit session "maybe will go back to Square Two," Mr. Han added.

That means, he said, that the principle of a summit meeting is still in place, but "a new negotiation will have to take place" between the two Koreas about the time and conditions for a summit meeting, after the power transition in the North is completed.

Mr. Han said that North Korea's high-level talks with the U.S. in Geneva would be delayed indefinitely.

"We have obviously lost a few days to a few weeks in Geneva, as the North Korean delegation has to go back to Pyongyang and wait until after the funeral for its directions."

Mr. Han said that South Korea has seen "nothing that contradicts the announcement of the cause of death."

Some officials speculated that he might have been the victim of a palace coup, perhaps from hard-liners who opposed his moves toward negotiation with the United States and South Korea.

Pyeongyang has said no foreigners will be admitted for the funeral.

Just three weeks ago, Mr. Kim was host for a visit by former President Jimmy Carter, and Mr. Carter served as go-between in arranging the North-South summit meeting.

But according to Mr. Han and other South Korean officials, Mr. Carter was rebuffed on Saturday when he contacted Pyongyang and asked about attending the funeral.

Ukraine and Belarus Throw Out Leaders

By Fred Hiatt

KIEV — Angry voters in Ukraine and neighboring Belarus have cast their leaders out of office, registering strong protests over the corruption and economic hardship of post-Soviet life, officials said Monday in releasing results of Sunday's elections.

The presidents-elect of Ukraine and Belarus both swept into office with promises to impose order, crack down on corruption, improve living standards and broaden economic ties with their giant neighbor to the east, Russia.

The victories dramatically shifted the political landscape in the territory between Russia and Central Europe and heralded a period of change and potential instability in two nations that have been more timid than Russia in embarking on free market reforms.

Ukraine, the larger of Russia's two Slavic neighbors with 52 million people, chose as its next president Leonid S. Kuchma, a former prime minister and engineer.

Mr. Kuchma, 55, who once headed the Soviet Union's biggest missile factory, vowed to maintain Ukraine's indepen-

dence, but said the nation must turn to Russia for economic ties.

With more than 52 percent of the vote, according to preliminary figures, he defeated the incumbent, Leonid M. Kravchuk, 60, who was believed to have enjoyed the tacit support of the United States and other Western countries.

Belarus, a nation of 10 million electing a president for the first time, gave 80 percent of its vote to populist Alexander Lukashenko, a former collective farm director.

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Burma Softens Hard Line on Dissident

By Philip Shenon

RANGOON — The head of Burmese military intelligence said Monday that he would accept an invitation to meet with Daw Aung San Suu Kyi, the imprisoned dissident leader and Nobel laureate, in a demonstration of his government's willingness to "work hand in hand with politicians who have opposed us in the past."

The intelligence chief, Lieutenant General Khin Nyunt, is often described as the most powerful man in the government, and a meeting with Daw Aung San Suu Kyi would be an important symbolic step towards political reform.

General Khin Nyunt did not set a date for the meeting and suggested that the

timing could be decided only after further deliberations within the junta. "The meeting will take place at an appropriate time," he said in an interview in which he was notably conciliatory toward the pro-democracy leader, a woman he described in the past as a dupe of Burmese Communists.

"Daw Aung San Suu Kyi is not an enemy," he said. "In fact she is the daughter of one of our generals. She is younger than me, and I think of her like a younger sister."

Noting that the junta had recently signed peace settlements with several ethnic rebel groups, he added, "We are willing to work hand in hand with the politicians who have opposed us in the past."

General Khin Nyunt said it was too early to discuss an agenda for the meeting with Daw Aung San Suu Kyi, who on July 20 will enter her sixth year under house arrest in her family's lakeside compound here.

Diplomats and other Burmese officials said the meeting would almost certainly not take place until after a national constitutional convention reconvenes in September.

The convention, which is being conducted mostly outside public view and under the tight control of the country's military, is expected to produce a constitution that will enshrine the military's political role

See BURMA, Page 5

For East German Diplomats, the Cookie Crumbles

By Stephen Kinzer

BERLIN — The group of slightly shabby retirees chatting outside a library in eastern Berlin one recent afternoon hardly looked like former members of an international elite, at ease in the company of kings and presidents.

Until 1990, these men and women were East Germany's diplomats, among them specialists with unique webs of contacts in foreign lands. They are now banned from diplomatic service, forbidden to practice the only trade most of them know.

No longer do they enjoy the privileges of large staffs, limousines, official residences and gift-edged invitations to state functions.

Many live anonymously in drab apartments, the glitter of their former lives fading into memory.

Some, brooding in their forced retirement, have become angry and embittered. Others have found new

careers and are making more money than East German functionaries ever dreamed of.

The former diplomats have formed a club, the Association for International Politics and Human Rights. At their recent meeting in Berlin, the chairman, Siegfried Bock, a former ambassador to Romania, announced seminars on Cuba, Russia and "the Albanian factor in Balkan politics."

He also announced that the association had recently sent congratulatory telegrams to Nelson Mandela and Yasser Arafat.

"In South Africa and Palestine, goals for which East Germany and its diplomats fought for years are being achieved," Mr. Bock asserted.

Nearly 200 former diplomats in the audience represented an aging but unique resource, a veritable foreign-ministry-in-waiting with sweeping knowledge of languages, history and personalities.

However, the German government, fearful of the im-

plications of hiring diplomats who spent their careers serving communism, wants nothing to do with them. Bonn did not even seek to debrief them or ask them for suggestions on how to deal with the countries in which they once served.

Many of the unwanted diplomats have found lucrative work in countries where they were posted. Former ambassadors to China and Vietnam, for example, now run thriving businesses representing European companies in those countries.

A former ambassador to Cuba runs a travel agency that specializes in Havana vacations.

Others, particularly those who were at lower and middle levels, now work as cooks and taxi drivers. A few are unemployed and without prospects.

For a brief period while German reunification was being designed in 1990, it appeared that at least some

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Kiosk

Israeli Troops Hunt Militants in Nablus

NABLUS, Israeli-Occupied West Bank (AP) — Israeli troops paralyzed the largest West Bank city Monday during extensive searches for Islamic militants, besieging a home in the warren-like casbah and killing two Palestinian men.

The two dead were believed responsible for attacks on Israelis, but the army kept the story under censorship for more than 11 hours.

The 110,000 people in Nablus, 70 kilometers north of Jerusalem, were under curfew, with movement banned. Tension is rising in the West Bank, where residents feel the Palestinian self-rule plan in Gaza and the West Bank town of Jericho has done little to ease Israel's occupation.

General News

Jacques Santer of Luxembourg is the latest EU front-runner. Page 2.

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WORLD CUP GRANDSTAND

Hero in Sweden's Net

Thomas Ravelli, the Swedish goalkeeper, may be his team's oldest player at 34, but he still had enough fire in his heart to become the hero of a penalty-kick shootout with Romania. Thanks to his two blocked shots, Sweden advanced to a semifinal against Brazil.

New World Soccer Order

There is a new world order developing in soccer, decentralized and unpredictable, and as stirring as the last postwar order, which began with Hungary's 1954 final upset by West Germany, Ian Thomsen writes. The new deal began to seep in with Denmark's 1992 victory over Germany in the European Championships and it has spread to Eastern Europe, where Bulgaria and Romania used to be isolated and inexperienced. But now their players have seen the world, and they aren't so easily intimidated.

Wednesday's semifinal matches: Italy vs. Bulgaria, at East Rutherford, New Jersey, 2005 GMT; Brazil vs. Sweden, at Pasadena, California, 2335 GMT.

World Cup report: Pages 16 and 17

Newsstand Prices

Andorra	9.00 FF	Luxembourg	60 L Fr
Antilles	11.20 FF	Morocco	12 Dh
Armenia	1.400 CFA	Qatar	8.00 Riels
Cameroun	5.000 CFA	Réunion	11.20 FF
Egypt	9.00 FF	Saudi Arabia	2.00 R
France	9.00 FF	Spain	200 PTAS
Gabon	960 CFA	Senegal	200 CFA
Ghana	300 CFA	Tunisia	1.000 Din
Greece	2.400 Lfr	Turkey	1.35,000
Italy	1.120 CFA	U.A.E.	6.50 Dirh
Ivory Coast	1.120 CFA	U.S. Mil.	91.10
Japan	1.120 CFA	U.S. Mil.	91.10
Lebanon	US\$ 1.50	U.S. Mil.	91.10

Dow Jones

Down 6.15

3702.99

The Dollar

New York

Mar. close

1.581

1.572

1.5485

97.725

96.065

5.2525

5.365

Trib Index

Up 0.93%

113.41

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A 'Lightweight' Leader May Be What EU Powers Want

By Tom Buerkle
International Herald Tribune

BRUSSELS — The European Union narrowed its search for a successor to Jacques Delors on Monday but EU sources said the process appeared to have eliminated the best qualified candidates.

Chancellor Helmut Kohl of Germany on Monday formally summoned the other 11 heads of government to a summit meeting here Friday to anoint a candidate for the presidency of the European Commission. The move increased pressure on his colleagues to agree on a candidate and avoid a repeat of the embarrassing failure in Greece two weeks ago, when Prime Minister John Major of Britain vetoed Belgium's Jean-Luc Dehaene at the last minute.

The latest front-runner, EU sources said, was Prime Minister Jacques Santer of Luxembourg. He enjoys solid German and French backing.

sources say, and as a Christian Democrat from a small member state, he has the right credentials to replace Mr. Delors, a French Socialist.

But despite being regarded as an able man, he packs little clout as leader of the Union's smallest country. "Our feeling is he's a lightweight," a Belgian official said.

The other name most often mentioned, Poul Schluter, the former Danish prime minister, is skeptical of European integration. His country has opted out of the Union's common defense and justice policies.

Mr. Schluter, who resigned 18 months ago over an immigration scandal, is best known for his dismissive response in 1986 when asked if Denmark was giving up its sovereignty in signing the Single European Act, which paved the way for the 1992 single market. "The European Union is stone dead," he replied.

Asked about the two men's merits, a German

official said that "both are basically acceptable to all member states."

But that comment underlines the dilemma facing EU leaders. Stronger candidates have been either vetoed, like Mr. Dehaene, rejected by France and Germany, or pulled themselves out of the running, as Spain's Felipe Gonzalez has done.

Despite the German contention that this is the most important job in Europe, leaders seem likely to reach agreement only on the lowest common denominator. EU officials said. That is especially the case after Mr. Major said Monday that he stood ready to veto any candidate not in Britain's interest.

Still, it is impossible to predict how any candidate will perform. Mr. Delors showed as much by being plucked from relative obscurity at the last minute in 1984, only to lead Europe into the

single-market program and the Maastricht treaty, which envisages a Europe with a common currency, defense and justice policies.

But European officials are bracing for little more than a caretaker successor at the commission who will leave the initiative very much to Bonn, Paris and other capitals as Europe heads for a 1996 conference to redesign institutions for a Union of 20 or more members.

"They're not looking for a very visionary European," an EU official said. "They're looking for a down-to-earth, pedestrian sort of president who would emphasize subsidiarity and not put forward very difficult proposals." "Subsidiarity" is EU talk for limiting the role of the Brussels bureaucracy.

Among the other candidates is Giuliano Amato, the former Italian prime minister. But he has obtained little support from the new conservative government of Prime Minister Silvio Berlusconi.

U.S. Expects Talks With North Korea To Resume Soon

Compiled by Our Staff From Dispatches

WASHINGTON — The chief U.S. delegate to nuclear talks with North Korea said Monday that he expected the suspended negotiations to resume by the end of this month.

"We have said 'in the coming weeks' and I expect that is very likely to be before the end of the month," said Assistant Secretary of State Robert L. Gallucci, "but I can't be certain of that."

Mr. Gallucci, who has been conducting negotiations with the North Koreans, made his comments on television from Geneva after he had been informed that the meetings were being suspended because of the death of President Kim Il Sung.

Asked if he had assurances that the North Korean president's death did not mean the end of the talks, Mr. Gallucci said:

"I think we have the closest thing to assurances. We have an agreement that after the period of mourning, which will end with a funeral on the 17th of this month, that the North Koreans will contact us through their mission in New York and give us a date which they will propose for the resumption of our talks."

He said the United States was "reasonably certain" that the negotiations would go forward.

The talks represented an unusual opening to the West in one of the last acts ordered by Kim Il Sung.

Their continuity is a high

U.S. priority, providing the North Koreans keep their word on allowing continued United Nations monitoring of their nuclear installations.

In Bonn on Monday, President Bill Clinton said: "I think it is in the interest of the United States that North Korea continue to suspend its reprocessing, and continue to engage in those talks. They have told us that the talks will resume after an appropriate time for grieving."

Mr. Gallucci said that in a meeting with the North Korean delegation leader, Kang Sok Ju, the first deputy foreign minister, he was told, "in effect, that we should expect that the policy pursued by President Kim Il Sung would be continued by the new government."

"That policy, as we knew it, in recent weeks brought us an agreement to a freeze on their nuclear program, in the active portions of their program, so we anticipate therefore that as a basis for the continuation of the talks, that freeze will remain in place, and, as the president has noted, we have — IAEA has its inspectors on the scene, and if that were not to be the case, we would know immediately," he said.

He was referring to the International Atomic Energy Agency, which monitors nuclear energy programs to see that they are not diverted for military uses. North Korea's program is widely suspected of being part of a covert arms effort.

Kim Jong Il Appears On Track to Take Over

Compiled by Our Staff From Dispatches

SEOUL — There were strong signs from Pyongyang on Monday that Kim Jong Il, the reclusive heir-apparent, was moving smoothly to succeed his father as leader of North Korea.

Most importantly, the security forces, which are the pillar of the regime, expressed their loyalty to the son, according to a broadcast by Radio Pyongyang, monitored by the BBC.

"Recalling the glorious, brilliant and revolutionary life and the immortal achievements of the great leader Comrade Kim Il Sung... they are warmly overflowing with a revolution-

ary zeal to endlessly consummate the *juche* revolutionary cause under the dear leader Comrade Kim Jong Il's leadership," Radio Pyongyang said. *Juche* is the doctrine of self-reliance put in place by the elder Kim, who ruled the country for nearly 50 years until his death last week.

Rodong Sinmun, the daily newspaper of the Communist Party, added its voice of praise. "His tested leadership," the paper said, "definitely guarantees the successful inheritance and accomplishment through generations of the revolutionary cause of *juche*, started and led by Comrade Kim Il Sung."

"We will entrust our destiny entirely to Comrade Kim Jong Il and remain loyal and devoted to him. No matter what may happen, we must accomplish the cause of socialism and build on this land a Communist paradise where the independence of the popular masses is fully achieved, thus realizing what the great leader desired."

A top-level meeting of the North Korean ruling party was apparently under way in Pyongyang, according to a foreign journalist there reached by telephone from Beijing.

"A large number of official cars, most of them belonging to members of the party's Central Committee, were seen in front of the Palace of People's Culture," he said.

(AP, Reuters, AFP)



Two Rwandans carrying an injured relative home during the weekend after detention camps were opened in Kigali.

France 'Fervently' Seeks UN Troops for Rwanda

UNITED NATIONS, New York — Mr. Balladur and Foreign Minister Alain Juppé came to New York on a four-hour visit to speak to the 15-member council and senior UN officials.

He said France was "fervently seeking" reinforcements for the UN Assistance Mission in Rwanda, which "should be deployed as soon as possible."

The prime minister said, "The French and Senegalese forces in Rwanda cannot take the place of the operation decided upon by the Security Council."

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As Mr. Balladur spoke, Rwandan rebels closed in Monday on the last major town between them and the government.

Military sources said the town might fall in a day.

Aid agencies in the eastern Zairean border town of Goma said they were bracing for up to a million displaced people after the northwestern town of Ruhengeri fell and rebels pushed on to the lakeside border town of Gisenyi, last refuge for Rwanda's interim government.

Ruhengeri is the only major stronghold between the Tutsi-dominated Rwanda Patriotic Front and the Hutu government, which fled earlier rebel offensives to Gisenyi.

Ex-Chief of CIA Raises Possibility Kim Was Killed

WASHINGTON — Robert M. Gates, the former CIA director, said Monday he would not rule out the possibility that President Kim Il Sung of North Korea was killed by hard-liners wary of the tack he was taking with the United States and South Korea.

"I think there is some small chance that he met his end other than with a heart attack," said Mr. Gates, who headed the CIA from November 1991 to January 1993. Mr. Gates said such a plot was not the most likely explanation, "but it can't be dismissed." If it did turn out that the 82-year-old leader was killed, it could be bad news for future relations.

He said he believed Kim Jong Il, the president's son and designated successor, was "something of a flake," based on the information he had when he headed the CIA.

"Frankly, I think he will have to bend in a direction that is congenial to the North Korean generals. And I don't think that's very encouraging."

Mr. Gates said the timing of Mr. Kim's death, just as North Korea held fresh talks with the United States and planned its first-ever summit meeting with South Korea, was "all too convenient" and raised suspicions in the case of a man not known to have had cardiac problems.

11 Are Killed by Gunmen in Algiers 7 Foreigners Among Victims, Police Blame Terrorists

Algiers — Gunmen killed eleven people Monday in Algiers, seven of them foreigners, prompting concern that Islamic fundamentalist guerrillas are intensifying a terror campaign.

There was no immediate claim of responsibility for the attacks, but Algerian security services described them as "terrorist" acts, a term normally used by officials to refer to activities by armed Islamic groups.

In one attack, gunmen opened fire on a restaurant in the Algiers Zoo, killing two Algerians and two persons from the former Yugoslavia while they were eating lunch.

Earlier, five foreign workers were taken off a bus in an Algiers suburb, separated from Algerian passengers, forced to kneel and shot, witnesses said.

One of the victims was Russian, one Ukrainian and two were from Belarus, a spokesman for the Russian Embassy in Algiers said, in a report carried in Moscow by the agency Inter-Tass. The fifth was from Romania. The Algerian government had initially said they were all Russian.

In a third attack, gunmen killed two Algerian officials late

Monday, the security services announced.

Mohammed Bekrouche, director of the National Veterinary College, was killed in the eastern suburb of Algiers while Oumardane Amokrane, general director of the National Professional Training and Equipment Agency, was shot in Birhadem, south of the capital.

Officials said the circumstances of the shootings were not clear.

The victims of the bus shooting were contract workers with the state oil company and were on their way to work in Algiers when the bus was halted.

Russia said it was "very seriously worried" by the attack and asked the Algerian government to "take the necessary measures to ensure the safety" of foreigners. It called it "a matter of the first importance" for Moscow.

The violence came less than a week after seven Italian sailors died in an attack blamed on fundamentalists. The Italian news agency ANSA reported that police had arrested two suspects in the killings.

With the latest deaths, Islamic fundamentalists are believed responsible for the deaths of 51 foreigners since last September.

Pastel Is Stolen at Louvre While 27,000 People Visit

PARIS — A fragile 17th century pastel by the French artist Robert Nanteuil was stolen from the Louvre during visiting hours, authorities said Monday. It was the first theft from the museum since 1990.

"Portrait of Jean Dorieu," created in 1660 and valued at about 500,000 francs (\$95,000), was removed from its frame on Sunday. A visitor noticed the empty frame and alerted security guards, who sealed off exits and searched departing visitors. About 27,000 people were in the museum at the time of the theft, officials said.

The last art theft from the Louvre was on July 4, 1990, when a Renoir portrait was taken. It was recovered two months later.

The museum's director, Michel Laclotte, said the Nanteuil work, a portrait of a magistrate, was "extremely fragile" and almost certain to be damaged by the theft.

WORLD BRIEFS

Outlawed Khmer Rouge Proclaims Cambodia 'Provisional Government'

PHNOM PENH (AFP) — The Khmer Rouge guerrillas proclaimed a provisional government Monday in part of northern Cambodia, a move swiftly dismissed as "meaningless" by officials here in the Cambodian capital. The National Assembly has already passed a law outlawing the Khmer Rouge, Cabinet Minister Sok An said. "They are outlaws."

In a broadcast monitored in Bangkok, Khmer Rouge radio named Khieu Samphan as prime minister and national army minister in a Provisional Government for National Solidarity and the National Salvation of Kampuchea.

The provisional government, formed at a "special meeting" Saturday and Sunday and based in Preah Vihear Province, recognized King Norodom Sihanouk as "the true patriotic and honorable king of the Khmer nation," the radio said.

By some counts, as much as a sixth of Cambodia is under control of the Khmer Rouge, which boycotted UN-sponsored elections last year and began hit-and-run raids on government positions. The ultranationalist, Maoist faction was blamed for the death of about a million Cambodians in a four-year reign of terror in the 1970s.

A Neo-Nazi Songfest Sparks Furor

POTS DAM, Germany (Reuters) — A senior German police officer was suspended from duty Monday for failure to prevent a far-right concert from taking place in the eastern town of Riddersdorf. Orders had been issued to stop it.

A spokesman for the Interior Ministry of the state of Brandenburg, just outside Berlin, said several hundred extremists attended the weekend concert, singing banned songs and exchanging neo-Nazi propaganda.

The ministry had called on all police stations to use all "legal means" to stop the rightists from gathering. Police officers stood by and failed to interfere. The ministry has launched an investigation.

IRA Says It Killed Ulster Activist

BELFAST (Reuters) — The Irish Republican Army claimed responsibility on Monday for the killing of a Protestant activist in his home in Lisburn, Northern Ireland. In a message to the media, the IRA admitted killing Raymond Smallswood, 44, chairman of the small Ulster Democratic Party.

Mr. Smallswood had served seven years in jail for his part in the attempted murder of an Irish nationalist politician, Bernadette Devlin McAliskey, in 1981.

Police said he died in a hospital shortly after the attack, which was carried out on the eve of the so-called Protestant marching season that marks the 1690 victory of William of Orange over the Catholic James II at the Battle of the Boyne.

Hong Kong Airport Impasse Widens

HONG KONG (Reuters) — One of China's senior officials here said on Monday that substantive problems must be resolved before a long-awaited agreement can be reached on funding the colony's new airport.

Zheng Guoxiong, a deputy director in Hong Kong for the Xinhua news agency, China's de facto consulate, blamed the British for the impasse.

Britain and China signed the preliminary agreement in 1991, but China has since rejected three funding proposals on the grounds they would saddle Hong Kong with debt after its reversion in 1997.

Berlusconi Accused of State TV Grab

ROME (Reuters) — Prime Minister Silvio Berlusconi was embroiled in controversy on Monday over accusations that he had renewed a bid to take control of Italy's state broadcaster, RAI. The federalist Northern League, largest partner in the coalition government, said Mr. Berlusconi was trying to make RAI subservient to his Forza Italia Party by packing its new board.

Umberto Bossi, the Northern League leader, said RAI must not become an instrument of political information for Forza Italia. Mr. Berlusconi's allies say the ailing network has been mismanaged and needs restructuring.

Turkish Cypriots Close Border Point

NICOSIA (AP) — Turkish Cypriots closed the crossing point between the north and south of this divided island Monday to protest a European Court ruling that their breakaway state has no legal status.

About 1,000 Turkish Cypriot demonstrators blocked movement between the Turkish-occupied north and the Greek Cypriot-controlled south.

The court's verdict was a heavy blow to the economy of the self-styled Turkish Republic of Northern Cyprus because it effectively banned the export of its farm produce to European Union states.

TRAVEL UPDATE

Strikes to Cut Back Air Inter Flights

PARIS (AFP) — A strike by staff members of the domestic French airline Air Inter, worried about growing competition from foreign airlines, was expected to stop a third of all flights Tuesday, while a separate action by air traffic controllers in Aix-en-Provence threatened to disrupt other journeys.

Disruption could worsen Wednesday, the eve of the French national holiday, known outside of France as Bastille Day. Air Inter has asked passengers to reschedule journeys and said extra seats would be provided on other days.

Strikes hobbled Alitalia Monday as flight attendants and ground crew protesting job cuts struck for a day, forcing cancellation of 60 percent of flights — mainly domestic — out of Rome and Naples. Another strike is scheduled July 21 and 22. (Reuters)

The bulls ran down nine more people in Pamplona on Monday, in one of the most dangerous days of this year's San Fermin festival in Spain. The injuries brought to 33 the number of people hospitalized this year in the running of the bulls. (AP)

Algeria raised airline fares by 20 to 30 percent on Monday to keep up with higher operating costs and a currency devaluation, state radio said. The increases applied to the national airline, Air Algérie, as well as foreign airlines based in Algeria. (Reuters)

A wildcat walkout in Oslo hit a major hotel, while other union workers halted food and beverage deliveries to the hotel as a sign of labor solidarity. The strike was called by about 20 Tamils who are working in housekeeping positions at the SAS Scandinavia Hotel to call attention to their working conditions. (AP)

A windsurfer was killed by a shark in Reunion, authorities on this French island in the Indian Ocean said Monday. He was the sixth person to be killed by sharks in Reunion's coastal waters since 1980. (AP)

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★ POLITICAL NOTES ★

Clinton's Judge Was His Pupil

LITTLE ROCK, Arkansas — Twenty years ago, Susan Webber Wright studied navigation law under Professor Bill Clinton. Now she is about to travel through scarcely charted legal waters as the federal judge presiding over a lawsuit that accuses President Clinton of improper sexual advances.

Life can be full of strange twists, especially in a state where it sometimes seems that everyone has crossed paths with everyone else. About the time she was in Mr. Clinton's classroom, she was also out on the campaign trail working against him, in the congressional race that he lost.

A conservative Republican, Judge Wright was appointed to the post on the U.S. District Court in 1990 by President George Bush, and she ruled in some important cases from Mr. Clinton's last years as governor, handing him a mixed bag of victories and defeats.

She is currently presiding over a Little Rock school desegregation case and ruled in 1991 that the court had no authority to extend district tax rates to carry out desegregation. She has upheld the Arkansas death penalty statute, which Governor Clinton supported, but ruled that Arkansas violated federal law when it cut reimbursement rates to Medicaid providers in 1992.

Now, Judge Wright, 45, has been assigned to a case that brings a rare question of presidential immunity and much more publicity than she says she prizes.

In the federal courthouse two months ago, Paula Corbin Jones, a former Arkansas state worker, filed a civil lawsuit accusing Mr. Clinton of making unwanted sexual advances while he was governor in 1991.

Her lawsuit charged Mr. Clinton with violating a federal civil rights law. Lawyers for Mr. Clinton argued last month that he should be given immunity from the civil suit while he is in office and that the lawsuit be put on hold until the immunity question was resolved.

The question of granting immunity for a sitting president from a civil suit involving actions alleged to have occurred before his taking office has arisen only once before, when President John F. Kennedy was sued in California for his indirect role in a traffic accident at the 1960 Democratic National Convention, in Los Angeles.

A California state judge ruled that Mr. Kennedy could be sued as any ordinary citizen could, but the opinion has no binding effect on the Jones case. Judge Wright has said she will rule before Aug. 10 whether to hear the immunity question.

"I think she is going to be very aware that here is a first in a series of rulings on this issue

that have a long-range effect," said Morgan E. Welch, a Little Rock lawyer who attended law school with Judge Wright.

"I think she'll be circumspect on this case, but not mesmerized when she's dealing with the president of the United States. She's not going to be easily swayed by emotions or politics. That makes her good for this case." (NYT)

NAACP Looks Beyond Rights

CHICAGO — America's blacks are fighting for something more basic than civil rights, William F. Gibson, the NAACP chairman, said at the organization's 85th annual convention.

"We now have to address the issues of crime, drugs, education," he said, "and housing — the fundamental survival questions that many people do not consider civil rights."

Meanwhile, Executive Director Benjamin Chavis reiterated his plan to draw all elements of the black community together under the umbrella of the National Association for the Advancement of Colored People.

Mr. Chavis was criticized for inviting Louis Farrakhan, the Nation of Islam leader, to a black unity convention in Baltimore last month. Mr. Farrakhan was not invited to speak at the NAACP convention, which runs through Thursday in Chicago, his hometown.

"Disunity among African-American leaders and organizations has impeded our social progress," Mr. Chavis said in his keynote address to approximately 4,000 delegates. "We learn from all. No one of us knows all the answers."

Mr. Chavis also suggested that the NAACP welcome Hispanics into the group, and he called on delegates to make the organization more appealing to young people and inner-city residents.

"This is no time for cynicism nor for disillusionment nor hopelessness," he said. "We are on the move and we are fired up."

Membership, he said, increased in the past year from 490,000 to 675,000, and people under 24 make up 65 percent of the new members. (AP)

Quote/Unquote

Floridians at a public meeting in Tampa called by Representative Sam M. Gibbons, a Democrat and acting chairman of the House Ways and Means Committee: "It's communism." "Socialistic." "We're morally opposed to it." Mr. Gibbons: "I understand you. I respect you. There's no need to shout." (NYT)

Clinton and Kohl Chemistry Bubbles Over

By Ruth Marcus

Washington Post Service

BONN — Of all the world leaders President Bill Clinton has met at home and abroad, there is one who clearly stands out as his favorite: Chancellor Helmut Kohl of Germany.

Aides who remark on the evident warmth between the two men point to their common working-class origins, their mutual passion for politics, and their equally impressive appetites.

The chunky president looks positively svelte next to his portly German counterpart, a point that Mr. Clinton mischievously drove home at the NATO summit in Brussels in January when he told Mr. Kohl he had been watching

sumo wrestling on television the night before and "I was thinking of you."

The two leaders had a terrific time when they chowed down at Filomena's restaurant in Washington a few weeks later, consuming impressive quantities of food.

The chemistry between the two lead-

ers was evident here Monday when they met again after seeing each other just a day earlier, at the economic summit meeting in Naples.

In the sun-dappled garden of the German Chancellery, Mr. Clinton was

tossed a tricky question about his assessment of Kim Jong Il, the son of the late president of North Korea. He responded by baring it to Mr. Kohl. "I wish you'd answer that question, Helmut," Mr. Clinton said — and, to his apparent delight, Mr. Kohl obliged. Germany is holding elections this fall, and Mr. Clinton dutifully bowed to protocol, meeting with leaders of the opposition parties. But his own vote could not have been clearer Monday at the start of a lunch — marinated fillet of beef, soufflé fillet of sole and peach parfait with berry salad — at the Petersburg Guesthouse, atop a mountain overlooking the Rhine.

After listening to Mr. Kohl's toast

outlining the roles of Germany and America after the Cold War, Mr. Clinton said: "It reminded me of what so often happens at the G-7 meetings or NATO meetings. They call on me and I say, 'I agree with Helmut.'"

Mr. Kohl beamed at the praise, a welcome political boost here, where the American president is a popular figure. Asked whether Mr. Clinton was deviating from political neutrality, a senior official said, "I think that it's undeniable that the president and the chancellor have very close and warm personal relations."

Monday night, Mr. Kohl showed Mr. Clinton around his hometown, Ludwigs-hafen.

REPORTER'S NOTEBOOK

Haiti Ousts Observers From UN And OAS

By Douglas Farah

Washington Post Service

PORT-AU-PRINCE, Haiti — In another act of defiance toward the world community, Haiti's military-backed rulers ordered international human rights monitors on Monday to leave the country within 48 hours.

The announcement, which came in a note from the Foreign Ministry, was immediately condemned by the United Nations and the Organization of American States, which ran a mission to monitor and document human rights abuses in Haiti.

The Haitian move also drew verbal fire from Washington. "We certainly condemn the illegal de facto regime in Port-au-Prince for its intention to expel the UN-OAS human rights observers from Haiti," a State Department spokeswoman said at a news conference.

The spokeswoman said the decision by Haiti's military leaders was "certainly a serious escalation in the conflict between the regime and the international community."

The joint mission began in 1992 as part of an aborted agreement to return Haiti's ousted president, Jean-Bertrand Aristide, to power. The military, led by Lieutenant General Raoul Cédras, overthrew Father Aristide in a military coup in September 1991.

UN officials in Haiti said that a formal decision on whether to obey the order had not been made, but that the ultimatum would almost certainly be met. On Wednesday, the mission suspended operations when the de facto government questioned their legitimacy.

"Security of our personnel is always right near the top of the list of priorities," a UN official said. "I am pretty sure we will be leaving."

A special envoy for the mission, Dante Caputo, speaking in New York, called the expulsion an "outrageous decision," a "provocation" and an "insult."

"They kill people, they torture people, they rape people," Mr. Caputo said of the Haitian military. "And they don't want any witnesses in their country."

The mission wrote numerous reports documenting human rights abuses by the military and its civilian allies, accusing them of murder, torture and systematic, politically motivated rape.

While powerless to stop abuses, the mission had proved a thorn in the side of the military, issuing a steady stream of reports that strongly linked the military to abuses. The reports were widely viewed as credible by the international community.

The timing of the move by Haiti's de facto government, led by the provisional president, Emile Jonassaint, puzzled some diplomats and observers. They said the action showed the government and its military backers still felt they had nothing to fear from the international community.

In an effort to force the government to step aside, the United Nations, led by the United States, has placed a near-total commercial blockade on Haiti, cutting off the flow of fuel and commerce. Almost all commercial flights also have been cut off, leaving the impoverished nation virtually isolated.

President Bill Clinton and other U.S. officials have said repeatedly in recent days that they do not rule out the possibility of military action to remove General Cédras and other senior military leaders. Almost a dozen warships and U.S. Coast Guard cutters patrol Haitian waters, both to provide a credible threat of force and to enforce the embargo.

"They still don't believe the international community takes this seriously," a UN spokesman said. "They are seriously mistaken."

In Household Homicides, Men Have Edge

By David Johnston

New York Times Service

WASHINGTON — When a spouse kills a spouse, wives are the victims in nearly two-thirds of the cases, a study released by the Department of Justice found.

The survey of 8,063 homicides in U.S. urban areas provided a sketch of murder in families as national attention was focused on domestic violence because of the O.J. Simpson case.

On Friday, a judge ordered Mr. Simpson to stand trial on charges that he killed his former wife and a friend of hers.

The study, by the department's Bureau of Justice Statistics, found that 1,308 victims, or about 16 percent of the total, were related to their killers. Of the rest, 64 percent died at the hands of an unrelated acquaintance, and 20 percent were killed by strangers.

The study, which generally agreed with previous research on the topic, contradicted some beliefs about family violence. The

survey did not find that the criminal justice system treated defendants in domestic violence cases less harshly than other accused killers.

The outcomes of family murder cases were about the same as those in all types of murder cases. Defendants were about as likely to be charged with first-degree murder as all murder defendants, and were no more likely to be acquitted or have their cases dismissed.

About half of the defendants in family killings had been previously arrested, a smaller percentage than the three-quarters of the defendants in nonfamily killings.

Firearms were used in 42 percent of family killings, less frequently than in non-family homicides, when firearms were used in 63 percent of the cases.

While husbands were much more likely overall to kill their wives than vice versa, among black couples wives killed their husbands at nearly the same rate as husbands killed wives. Forty-seven percent of

black spouses killed by a spouse were husbands and 53 percent were wives.

The statistics also drew a stark picture of fathers and mothers who kill their offspring. Of all family murders, more than one-fifth involved parents killing their children, a crime committed more often by mothers than by fathers.

Mothers were more likely to murder a son than a daughter; 64 percent of their victims were sons. Fathers, in contrast, were more likely to kill daughters, who made up 52 percent of the slain.

In murders of children under the age of 12, parents were the defendants in 57 percent of the cases. Nearly 80 percent of the children in these cases had been abused by the parent who killed them.

Several themes ran through the data. Most family killings occurred at night, in the home. Nearly half the defendants and about one-third of those killed had been drinking.

Death Penalty Seen Unlikely in Simpson Case

The Associated Press

LOS ANGELES — Jurors would be unlikely to impose the death penalty against O.J. Simpson because of his popularity, legal experts say.

"There is no way that a jury is going to return a death judgment against O.J. Simpson," said a criminal lawyer, Barry Levin, a former Los Angeles police officer who has investigated nine capital cases.

"What it boils down to is, the only way a jury will kill your client is if he is a complete animal, they hate him," he said.

Few people hate Mr. Simpson. In fact, recent polls show that most see him more

as a football hero or celebrity than a man accused of murder.

His only criminal conviction has been a no-contest plea to misdemeanor wife-beating in 1989. He was placed on probation.

"O.J. Simpson has the advantage of being known for something other than allegedly killing his wife and another person," said Bryan Stevenson, director of an Alabama resource center on capital punishment.

"When you're forced to see the defendant as something more than the criminal act, it becomes much harder to say, 'We're going to kill you.'"

Prosecutors still have not decided

whether to seek the death penalty against Mr. Simpson, who is accused of murdering his ex-wife, Nicole Brown Simpson, and her friend, Ronald Goldman, on June 12.

He was ordered Friday to stand trial. Mr. Simpson, who has been jailed without bail since his arrest on June 17, pleaded innocent. His arraignment is scheduled for July 22.

A committee in the prosecutor's office, led by the assistant district attorney, Frank E. Sundstedt, will decide whether to seek capital punishment. Mr. Sundstedt has declined to discuss the case, but he noted that the death penalty is rarely imposed in domestic homicides.

Health-Care Tide Undermines Clinton Plan

By Karen Tumulty

Los Angeles Times Service

WASHINGTON — In what may turn out to be the ultimate irony of Bill Clinton's presidency, it appears that any health-care legislation that emerges from a yearlong battle on Capitol Hill will look more like former President George Bush's vision of reform than Mr. Clinton's.

Although Democratic leaders in the House and Senate may succeed in their struggle to reverse the political tide, momentum now appears to be building toward a consensus that would drastically scale back the role of government originally proposed by Mr. Clinton.

The evolving legislation appears likely to rely primarily on private businesses — rather than government — to bring health-care costs under control. It probably will fall considerably short of Mr. Clinton's goal of making sure that all Americans who are now uninsured would be able to obtain coverage.

And it would do little or nothing to distribute the health-care burden more equitably by requiring employers to take part and by reducing rampant cost-shifting between groups of patients and providers.

This more modest approach, which puts most of its faith in reforming the insurance market and giving government subsidies to those who cannot afford coverage, has a familiar ring.

"There's no question we are heading back to the Bush health plan. Absolutely," said Richard I. Smith, the top health-care analyst at the Association of Private Pension and Welfare

Plans, a consortium of large employers.

"Now that we've been starkly confronted with a dramatically different vision that arguably goes much too far, the clear trade-offs are apparent and the more modest approach looks better," he added.

Two House committees and two Senate panels have approved their own versions of health-care reform. Although the bills still must clear the House and Senate floors, some outlines of what could be the ultimate legislation are coming into focus.

Already gone are Mr. Clinton's huge, government-organized "alliances" through which most Americans would have bought their health coverage. Instead, the congressional committees have opted for voluntary cooperatives through which small businesses and individuals could pool their purchasing power.

It is also fairly clear that government will not have as much power over health-care costs as Mr. Clinton had proposed. Most of the committees weakened his provision to impose caps on increases in health-insurance premiums, and there will be intense pressure on the floors of the House and Senate to further dilute the provisions or discard them entirely.

The most important question that remains is whether Mr. Clinton can hold to his goal of guaranteeing coverage for every American. House and Senate leaders insist they will present legislation that does that, but no one has come up with a politically acceptable means of paying the bill.

Leon E. Panetta, the newly appointed White House chief of staff, reiterated Sunday that Mr. Clinton would fight for universal coverage in some form, which Mr. Panetta said must be financed by a so-called "employer mandate."

Mr. Clinton would require employers to pay 80 percent of their workers' health premium costs. Most outside analysts say they believe Congress is likely to follow the lead of the Senate Finance Committee, which abandoned the employer mandate in the face of enormous opposition from business.

Instead, the committee voted for a package of incentives and reforms that its sponsors predict will lead to the coverage of roughly 20 million of the more than 37 million Americans who now lack health insurance. Critics, however, say that projection is far too optimistic.

The winners in this monumental battle are likely to be employers — which is not a bad thing in the view of Paul Ellwood, a guru of the "managed competition" theory to which most in the health-care debate now say they subscribe.

"I think the employers have been the most powerful influence in shaping whatever positive direction the health system is taking," Mr. Ellwood said. Corporations have been at the forefront in embracing such

cost-saving approaches as managed care and are increasingly hard-nosed in bargaining down the rates that hospitals and insurance companies can charge.

As a result, health-care costs must be financed by a government-led overhaul of the system.

Yet those benefits would largely miss the working poor and the middle-class uninsured, that is, most of those who now lack coverage.

Editors Defend Kidnap Blackout

New York Times Service

NEW YORK — News organizations throughout the world agreed not to report the kidnapping of a reporter in Somalia during a 20-day captivity that ended Friday. The reporter, Tina Susman, was released in good health.

Editors of large news organizations including The New York Times, The Washington Post and NBC News defended the decision. They were asked to withhold the information by The Associated Press.

Several editors said they had been persuaded that publicity would have put Ms. Susman in greater danger. The editors said they would have made the same decision if she had not been a reporter.



HEAVY HITTER — Former President George Bush raising a cap presented to him after induction into the Maine Baseball Hall of Fame in Portland over the weekend.

U.S. and France Settle AIDS Dispute

The Associated Press

WASHINGTON — American health officials acknowledged Monday that U.S. scientists used a French virus to develop an HIV test kit and agreed to give royalties to the Pasteur Institute in Paris more of the royalties.

The two governments have had a lingering dispute over how to divide the HIV test kit royalties, despite a 1987 settlement that was supposed to share them equally.

Instead, because more American than French test kits are sold each year, the United States has received \$20 million in royalties to the Pasteur Institute's \$14 million.

The new agreement, announced at a meeting of the French and American AIDS Foundation, is intended to equalize the royalties and "normalize the sometimes rocky relations" between the two countries' health es-

tablishments, said Dr. Harold Varmus, director of the U.S. National Institutes of Health. The meeting was at the institute's headquarters in Bethesda, Maryland.

The agreement also included an acknowledgment by the NIH and its parent, the Department of Health and Human Services, that scientists at the NIH used a virus provided to them by the Pasteur Institute to invent the American HIV test kit, he said.

Each side will continue to keep the first 20 percent of royalties from sales of its kits. The rest will be pooled, with 30 percent going to the Pasteur Institute, 25 percent to the United States and 25 percent to the World AIDS Foundation. The old formula gave 25 percent to the World AIDS Foundation and 37.5 percent each to France and the United States.

Canada Weighs Plan to Sell Surveillance Planes to Beijing

Agence France-Press

OTTAWA — A plan to sell aircraft furnished with sophisticated surveillance equipment to China is being studied by the Canadian government, a television network reported Monday.

Officials of the aircraft manufacturer, Canadair, said the Canadian government, which must approve the deal, were not available for comment.

The CTV network, citing government documents, said the proposed deal envisaged the sale of a fleet of Challenger jet aircraft worth \$200 million

equipped with Israeli-made spy equipment.

CTV cited the minutes of a meeting at the Foreign Ministry during which, it said, the ministry's deputy director of foreign affairs for East Asia, Ted Lippman, was quoted as saying:

"The main concern about this potential sale is the nature of the monitoring equipment to be installed."

CTV also said the minutes of that meeting showed unnamed diplomats as suggesting the plane might have to be exported to Israel as a way of circumventing Canadian export rules.

Canadair is a subsidiary of the Bombardier group of Montreal, which was part of a Canadian government-sponsored trade mission that visited China in March.

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Away From Politics

• In a takeoff on Spiderman, three climbers scaled halfway up the 47-story Time-Life Building in New York City in what their banner said was a protest against Time magazine's use of chlorine-bleached paper. Two women and one man dangled on red ropes on the skyscraper. About 20 stories up, they unfurled a banner parodying a Time cover.

• A teenager died when he slammed his golf club against a bench and the broken shaft snapped back to pierce his pulmonary vein. Jeremy T. Brenno, 16, was playing golf with friends in Gloversville, New York, when he whacked the bench at the sixth tee with his No. 3 wood following a poor shot. He bled to death, according to the report by the Fulton County coroner.

• Floodwaters in Georgia are threatening a fertilizer plant loaded with toxic chemicals, and nearly a third of the residents of the town of Bainbridge had to leave their homes. The flood's death toll has reached 28. Two bodies were discovered in Americas, including a man whose tractor-trailer was washed off a road and a 3-year-old boy who was in a car with his mother that was swept into a creek. The mother's body was found earlier.

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Herald Tribune

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Russia Is the Key

Poland, like other countries in Eastern Europe, is unhappy that it is not being offered a firm timetable for full membership in NATO. Bill Clinton was reminded of that when he visited last week. The Partnership for Peace — established in NATO to ally the insecurity of Russia's neighbors while not antagonizing Russia — still leaves the East Europeans uneasy. But President Clinton was wise to defer his decision. To include countries such as Poland now invites the redrawing of lines in Europe and the start of a second cold war.

The Partnership for Peace is two things: an effort to integrate Russia into the rest of Europe, not leave it out in the cold, by developing the rudiments of collective security; and a hedge against failure, and the revival of Russian imperialism, by preparing to expand the alliance eastward.

In its collective security aspect, it will involve all the partners in joint military planning and training for peacekeeping in the region. At least that will get all the region's armies in the habit of working with their neighbors. Partners like Poland can also prepare to become allies by familiarizing themselves with the alliance's military requirements and ways of operating while remedying their own deficiencies.

But closer partnership poses a contradiction: to expand NATO would alienate

Russia. That contradiction will come into play well before full membership becomes an issue, as East Europeans look to the West instead of to Russia to supply new arms. Perhaps the Russian military could be induced to engage in joint planning with the United States on common concerns like preventing nuclear and missile proliferation. Perhaps conversion will find other work for Russian arms suppliers. But these steps are unlikely to dissolve the contradiction.

One way out is to focus on changing the military cultures of all these countries, as NATO once did in Germany and Spain. That means going beyond the formalities of military partnership to impart democratic values like acceptance of civilian control. It also means keeping officers occupied professionally and out of politics. But Americans sympathetic to Eastern Europe are resisting funding for common military undertakings with Russia and pushing for premature alliance.

Military cooperation is a key to transforming Russia, which will make all of Europe more secure. Bolder leadership in the White House and the U.S. Congress will be needed, both to accomplish that delicate mission and to sell it to Russia's nervous neighbors.

— THE NEW YORK TIMES

Betrayal in Nigeria

One year after Moshood Abiola apparently won Nigeria's democratic presidential election, only to watch as the military annulled the results, he is now facing charges that could send him to jail for life. His offense? He has decided to assume the office that was freely and fairly conveyed to him by the people. Nigerian military leaders, having never seen an election or popular civilian leader in 33 years of independence, are still in a state of shock for very long, call Mr. Abiola's decision an act of treason. It is they, however, who have betrayed their country.

Each time a Nigerian military regime cuts down civilian rule, it is done with the promise of giving the people a new, improved and less fractious transition to democracy. True to form, the current crop of generals has been following that tired old script to the letter since snuffing out the latest experiment with democracy.

Two military regimes and one civilian puppet government have governed the country since June 1993, each promising another journey to the ballot box one day soon. Instead, what the soldiers have done is to take the people's rights and civil liberties from them. Their chosen leader is being held incommunicado, a judge of order to produce him in court is being ignored, human rights leaders, journalists and former legislators have been arrested and harassed for political reasons,

and the elected National Assembly has been outlawed. Having the power, the military has made a colossal mess of things.

For all its wealth in oil, Nigeria is awash in red ink. Its creditors hold \$33 billion in IOUs. Through gross mismanagement and corruption, the once agriculturally rich country suffers from 50 percent unemployment and can no longer feed itself. All the while, a man with no political base, General Abacha, who has stood on the edges of power in recent years and who now openly parades as head of state, is taking a turn at enjoying the perquisites of power. He rides high now. But he will soon learn the lesson that other military strongmen have had to absorb, some the hard way: dissent cannot be crushed permanently. Nigeria's state of autocracy cannot survive.

But pro-democracy Nigerians should not have to march alone. During the recent White House Conference on Africa, Clinton administration officials went out of their way to commit themselves to stronger ties with Africa. The national security adviser, Anthony Lake, spoke of leaving no doubt in the minds of Africa's authoritarians that the United States insists on a rapid transition to democracy, a return to civilian rule and respect for human rights. That message must be forcefully registered in Nigeria.

— THE WASHINGTON POST

Backward in Venezuela

Venezuela, in the grip of a severe financial crisis, is trying to control it with methods that are making it dangerously worse. Last week President Rafael Caldera suspended a long list of constitutional guarantees — a necessity, he claimed, to combat the dark forces attempting to destroy the country's currency. He imposed controls on prices and foreign exchange in response to rising inflation. After a succession of bank failures, he took over the whole banking system. The security forces have been carrying out raids on retailers accused of hoarding. The police have begun interrogating the regime's critics.

The crisis has been caused by a kind of bad policy that is very familiar in the continent's history. Most of Latin America, recognizing that nationalist populism is a mistake, is now moving toward open economies and relatively free markets. Venezuela is the exception. The reasons have a lot to do with the country's traditions, and a lot to do with oil. In the years of high oil prices Venezuela has been able to afford the old ways of running the country. But prices have been down for several years, and the damage, beginning with failed banks, is cumulative.

The previous president, Carlos Andrés Pérez, tried to lead his country through the process that economists call adjust-

ment, meaning adjustment to the realities of the world economy. The first reaction was a huge riot in Caracas, the second an attempted military coup by part of the army. Last year Mr. Pérez was dumped out of office, ostensibly on grounds of corruption, and new elections were held. The winner was Mr. Caldera, an uncorrupted populist of the old school with a strong inclination toward a government-managed economy. The results have included, predictably, a sharp rise in inflation and a drop in the currency's exchange rate, leading to last week's explosion of intervention and police action.

It is the latest example of the Latin tragedy — a country rich in natural resources and educated people who live amid deep poverty and insecurity. Venezuela is now in the grip of political ideas that are deeply implicated in the poor economic performance of Latin America during the past two generations. Most Latin, reflecting on that record, have decided to move in another direction, but not, so far, Venezuela. Instead it seems to be increasing the zeal with which it embraces a doctrine which, as its neighbors can testify, leads nowhere but down. Being a rich country, it still has time to reconsider — but not unlimited time.

— THE WASHINGTON POST

Other Comment

The Hive and the Honey Bear

American policy toward Eastern Europe is aimed at reconciling two seemingly incompatible goals: filling the security vacuum by gradually integrating Russia's former sphere of influence into the West, while cultivating improved relations with Moscow. In other words, holding up the shaky East European beehive while keeping the honey-hungry Russian bear con-

tented. Hence the West's refusal to accept the East European states as full members of NATO, at least for the time being, and symbolic gestures such as inviting Boris Yeltsin to attend the Group of Seven summit meeting. Unfortunately, whether that policy succeeds will depend on what kind of government eventually comes to power in Russia, something over which the West has little real influence.

— Neue Zürcher Zeitung (Zurich)

Japan Has Cause to Worry About Chinese Ambition

By Masashi Nishihara

TOKYO — China says it needs a peaceful environment to be strong and prosperous, yet Beijing seems to be pursuing contradictory policies. It wants to participate in multilateral economic and security arrangements in the Asia-Pacific region. At the same time, it is increasing its military power and trying to establish a militarily dominant position in Asia by taking advantage of the current situation when the United States and Russia have cut back their armed forces and defense budgets. One path is internationalism, the other nationalism.

China's self-confidence and assertiveness have increased in line with the rapid growth of its economy since market-oriented reforms were introduced in the late 1970s. Where is China heading? Will it become a hegemonic power, establishing a new regional order under its control by taking advantage of the upper hand it has over its neighbors in size and power?

Despite the fact that China and Japan have close ties in virtually all fields, their relationship remains essentially fragile. China is concerned about the rise of Japan as a political power which is now sending its troops overseas as part of United Nations peacekeeping operations and seeking a permanent seat in the UN Security Council. Meanwhile, Japan is becoming apprehensive about China's military buildup, particularly the naval modernization, its continued supply of

missiles to areas of potential conflict, and its testing of nuclear weapons.

Beijing fears that if economic and trade tensions between Japan and the United States intensify, Tokyo may pursue a foreign and defense policy independent of Washington. China appears to consider Japan as a major source of threat in the early 21st century. Beijing has been cautious about supporting Japan's bid for a permanent seat in the Security Council, for it would weaken China's influence in regional and global politics. This suggests that there is potential for Chinese-Japanese rivalry.

Tokyo is trying to check the Chinese military buildup by holding out the possibility of reducing its aid to China and by engaging in bilateral security talks to increase the level of military transparency. Japanese aid to China is being more carefully disbursed than before, so that it will not be used for projects, such as ports and other major infrastructure development, that have military implications. Instead, more aid is being channeled to such areas as reducing the acid rain content of Chinese coal-fired power plants.

There has been a pattern of China's behavior toward its Asian neighbors in the last few years — one that seeks to secure a superior position over them. It

can be seen in the asymmetrical levels of official visitors. Beijing tends to send lower-ranking government leaders to the region than the other East Asian states send to China. Beijing's strategic interest is to become strong and prosperous so as to assert its own interests in relations with other Asian states.

China appears to find it easier to handle Mongolia, North Korea, Vietnam, Cambodia, Laos and Burma than to handle other countries in the region. The former are economically and militarily much weaker than China. Beijing can intimidate them with economic and military sanctions as it has done in the past.

With wealthier, stronger or more distant East Asian nations, China cultivates cooperative links, hoping that these will serve to drive economic and political wedges between those countries and the United States. This does not mean that Beijing itself wants no cooperative relations with Washington. It is trying to build better relations with America. However, China also wants to minimize the possibility of having to compromise its own economic and security interests.

China's desire to secure a superior position over its neighbors has been reinforced by remarkable economic success and the absence of clear, united resistance from East Asian countries. As a result, Beijing's political self-confidence has been strengthened and it has behaved

more assertively with its neighbors in territorial and other disputes.

The region does not need a strong China. The evolution of the Chinese navy from a defensive coastal force into an offensive blue-water fleet would be destabilizing because it would change the balance of power in the Asia-Pacific region. This will happen if the Chinese economy continues to expand rapidly.

However, China's economic future is uncertain. If the reform program should run into serious difficulty, the Chinese leadership would probably have to slow down the development of capabilities to project military power. This would be better for regional security.

China cannot expand its national power at the expense of its economic welfare. It must remain fully engaged in the economic and political affairs of the Asia-Pacific region to ensure that the Chinese economy remains strong. Thus the Chinese leaders will learn the importance of continuous constructive engagement in regional peace and security. An economic slowdown in China may help this learning process.

The writer, a research director at the National Institute for Defense Studies in Tokyo, contributed this comment to the International Herald Tribune. His views are personal and do not necessarily represent those of the Japan Defense Agency, with which he is affiliated.

To China From Germany, a Lesson in Unrepressed Democracy

By Robert Elegant

BERLIN — The visit to Germany last week by Li Peng, China's prime minister, has cast much light on prospects for democracy in the two countries, both notable for failed attempts at liberal representative rule that led to harsh dictatorship.

Despite a small but raucous right wing, Germany has put its Nazi past behind and clearly established a working democracy that will be sustained into the future. But China is further from democracy than it was even 60 years ago.

Mr. Li tested the democratic will of the Germans — and it emerged triumphant.

The man responsible for ordering the massacre of pro-democracy demonstrators in Beijing just over five years ago is evidently allergic to public demonstrations. He curtailed his original program on three occasions in Germany and finally left the country earlier than planned because he was exposed to public heckling and the threat of such heckling.

The Chinese prime minister thus proved himself to be what the Germans call a *Mimose Ele-*

jant, someone who rides roughshod over others but is hypersensitive himself. And, as the German press reported with some satisfaction, he undoubtedly lost face by running away.

Not, of course, that anyone, even the most hardened politician, would be pleased by banners with slogans like these, in Chinese and German: "Overthrow the Chinese Communist Butcher!" and "Li Peng is a Mass Murderer."

The fact that the charges are completely accurate did not help make them more palatable. Neither did the fact that Li Peng crushed the Tiananmen protests with tanks and has subsequently conducted a witch-hunt against dissidents precisely to avoid seeing similar demonstrations in China.

The German government did nothing to halt the demonstrations. Officials stood aloof and neutral. Several even stressed that Germany does not engage in bloody suppression of dissent. The temptation to quash the

demonstrations must nonetheless have been strong. Just coming out of a recession, Germany is counting on large sales to China to accelerate its recovery.

The impressive group of Chinese specialists in the German Foreign Ministry knows full well that Beijing does not separate politics and trade. To the contrary, it unabashedly uses its economic leverage as a potentially huge emerging market to attain political goals. It has done so, for example, with France, Britain and the Netherlands in the recent past.

It would not have been easy for an undoubtedly democratic Germany to silence the demonstrators against Mr. Li. It was nearly impossible to contemplate such suppression in the face of an aroused public. That virtual impossibility is, of course, the best proof that German democracy has come a long way from the past.

Li Peng and his advisers simply do not understand that the German government could do

little or nothing to keep him from being insulted in public. No matter how many times the concept and practice of free expression are explained to the autocrats of the left, they cannot grasp the principle.

It was doubly undignified for Mr. Li to flee to Romania, whose ruler was a student in Moscow when he was also studying there. It would, however, in Chinese eyes and particularly in Chinese Communist eyes, have been even more undignified for him to submit meekly to public insults.

Regardless of what happens to Mr. Li, for whom so many Chinese wish nothing but sorrow, democracy has clearly not begun to take root in China. Mr. Li and his comrades are busily pulling up any shoots of green that may appear. To them, such shoots are "poisonous weeds."

Regardless of what happens to the Communist regime, which is by no means secure in power, the prospects for democracy in China are poor. Nor will increasing economic liberalization necessarily bring about political lib-

Let's Be Clear: Not One Europe but a New West and a New East

By Christoph Bertram

HAMBURG — Russia signed two agreements last month intended to cement its new relationship with the West: the "Partnership for Peace" with NATO and the "Partnership and Cooperation Agreement" with the European Union. Now it has taken part in the Group of Seven meeting of leading industrial nations at Naples.

Russian and Western leaders have hailed these events, once more, as the end of Russia's long isolation from the democratic West. And yet Europe is drifting apart, and all the wonderful warm words of partnership merely expose the new divide.

Russia's foreign minister, Andrei Kozyrev, stated the problem succinctly when he told *Itar-Tass*: "It is more difficult for an elephant like Russia to get through the door than for a small poodle."

Russia, in fact, does not fit into either of the Western institutions that have any substance of power today, NATO and the European Union. Both would collapse under the weight of the elephant. If

the Group of Seven or Eight can afford Moscow's participation it is because, contrary to public myth, it is a debating club, not a decision-making body.

Russia itself has realized that there is no room for it in either of the organizations in which the West makes up its collective mind.

The basic trends are becoming visible and can no longer be blurred by convenient ambiguities.

In the run-up to the various Partnership signing ceremonies, Boris Yeltsin no longer pushed for Russian membership but instead tried to subject these institutions to a European superstructure, the Conference on Security and Cooperation in Europe, in which Moscow would have a blocking vote. The Russians will continue to

once again, a line of confrontation.

By implying that any differences can be overcome by vague partnership rhetoric, the West is fooling itself as well as Russia. Afraid to admit the truth, Western governments will cling to ambiguity. But ambiguity has ceased to be creative; it has become counterproductive. By pretending that somehow Russia can still become a full member of the Western club, the West leaves both Russia and the East Europe an democracy in the dark about their future status in Europe.

The proper response to Russia's inability to fit into any of the existing institutions is not to make believe that somehow it can be squeezed in but rather to create a new one, specifically designed to coordinate policies and preempt crises between the new West and the new East. This would have to consist of much more than the biannual meetings envisaged by the Russian-EU agreement or the vapid consultation pledge given by NATO in the Partnership for Peace.

It should consist of a formal structure, the more formal the better, between NATO and Russia, with a secretariat, permanent representatives, hot lines and even parliamentary bodies — everything that can ensure day-to-day dialogue and consultation. It would give neither side a veto over what the other one wants to do, but it would translate NATO's apt formula "No veto, no surprise" into credible practice.

Whoever the future leaders of Russia may be, it is important to establish now, while the present team still hold power in Mos-

cow, habits that can survive them.

To give up the dream of "one Europe whole and free" does not mean to forgo the right to hold Russia to established rules within its sphere of influence. On the contrary, but Russia can be held to these rules only if the West itself is serious about them.

The current practice of warning Russia not to intervene in the "near abroad" while at the same time turning down requests for sending monitoring troops to the many trouble spots in the region is a dismal example of Western inconsistency.

The West's authority in the new European security setup will depend not on its sermons but on its deeds. Preaching without following through signals to Moscow that the West really cares neither for Russia nor for how Russia conducts itself in what was once the Soviet Union.

When the walls came down in Europe five years ago, the way ahead was obscure. It was wise then for the West to temporize. Today the basic trends are becoming visible, and they can no longer be camouflaged by convenient ambiguities.

There is now a historic chance and need to build the future of European security on a sound basis. That takes realism as well as vision, clarity of purpose as well as a sense of responsibility. Too little of these qualities, unfortunately, is in evidence in Western chancelleries today.

The writer is diplomatic correspondent of the German newspaper *Die Zeit*. He contributed this comment to *The Washington Post*.

The Voices of America Are Disgusted

By Michael Harrison

LONGMEADOW, Massachusetts — President Bill Clinton has discovered that talk radio is a two-edged sword.

In the 1992 campaign, it became obvious that Mr. Clinton had a flair for the format. He scored points by going on programs like the New York-based "Imus in the Morning" and coming across as an affable bubba. But since then he has learned that talk-show hosts (and their callers) can play hardball, and he doesn't like it a bit.

The president was anything but affable in an appearance on a St. Louis talk show two weeks ago when the hosts asked him some tough questions about his and his staff's ethics. All but shouting, he denounced the questions and accused conservative talk-show hosts such as Rush Limbaugh of keeping up a "constant, unremitting drumbeat of cynicism."

That same week, in an interview in my magazine, Mr. Clinton's adviser George Stephanopoulos blasted talk radio's "tear it down" mentality and warned that the administration might move to revive the fairness doctrine, the old federal rule that broadcasters must cover all points of view on an issue.

Mr. Stephanopoulos knows very well that the doctrine, which Congress repealed seven years

ago, would stifle talk shows. Many stations would cancel a program like Mr. Limbaugh's rather than take up air time with countervailing liberal views.

Mr. Clinton and other critics of talk radio — including the mainstream press, whose accounts are often tinged with skepticism and outright hostility — are missing two basic points. First, talk radio's nature is to be free-wheeling, even at times to the point of inaccuracy. It isn't as if such offenses went unpunished. Mr. Limbaugh, in particular, is coming under the widespread criticism that comes with a position as powerful as his. That kind of debate is what the First Amendment is all about.

Second, even if the next president of the United States is a squeaky clean, God-fearing conservative Republican, you can be sure that he or she will continue to take the bashing being endured by Mr. Clinton. That is because most of the sentiment on talk radio is not so much conservative as independent.

We are hearing the infant voice of a movement that is disgusted with the kind of president the system continues to serve up.

The voice of talk radio is disgusted with excessive taxation and intrusion into personal and business life by the bureaucratic federal government. It wants to put an end to excessive government spending and arrogant ruling-class aristocracy. It is sickened by political dishonesty and corruption.

It has had it with welfare fraud and the invasion of illegal immigration eating up tax dollars. It is fed up with the coddling of criminals, the distorted justice system, the lockstep sameness of the sellout media and the dumbing of America's children. It is no longer intimidated by the intolerance of political correctness.

It feels that an insidious war is being waged against the average hardworking, law-abiding American citizen, draining the middle class of its wealth and lifeblood.

Unreasonable? Naive? Half-baked? Perhaps. But very, very real, and very much here to stay.

Scolding my colleagues in St. Louis, Mr. Clinton said: "I'm going to be aggressive from here on in. I'm going to tell what I know the truth to be." Is that a threat or a promise?

The writer, host of a nationally syndicated talk show, is editor of *Talkers*, a magazine about talk radio. He contributed this comment to *The New York Times*.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Chicago Prepares

NEW YORK — United States troops continue to arrive in Chicago. Three thousand infantry, cavalry and artillery are now on duty there. The entire National Guard of Illinois is also on duty in or near the city. In anticipation that the excitement might follow the arrest of the strike leader, and that there might be possible disorder consequent upon turning loose the "Traders' Union men, precautions have been taken by the military in various sections of Chicago.

1919: Blockade Lifted

PARIS — The Supreme Council decided yesterday afternoon (July 11) that the German ratification of the Treaty was valid, and that consequently the blockade shall be lifted to-day. So far as France is concerned, however, this measure cannot become effective un-

til a decree has been published in the "Journal Officiel" abrogating all previous decrees on the German blockade. To-day, the Council will examine the question of raising the blockade of Russia.

1944: De Gaulle Backed

WASHINGTON — [From our New York edition:] President Roosevelt followed up his conference with General Charles de Gaulle today (July 11) by announcing that the provisional government is being recognized as the de facto authority in liberated France. The agreement grants the de Gaulle group just about everything except outright recognition as a government. Using the British-French agreement as a basis, it will leave with General Dwight D. Eisenhower the final authority for determination of when and where de Gaulle civil government is to be resumed in France.

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BUSINESS

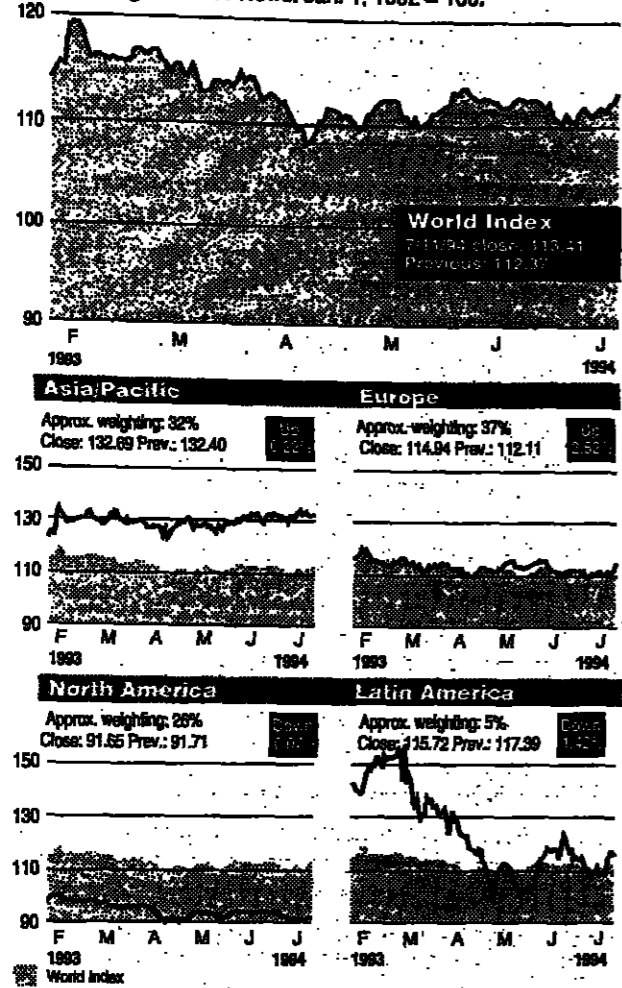
International Herald Tribune, Tuesday, July 12, 1994

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THE TRIB INDEX: 113.41

International Herald Tribune World Stock Index, composed of 280 internationally investible stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar value of stocks in Tokyo, New York, London, and other major markets. The index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top stocks are tracked.

Industrial Sectors	Max.	Min.	Per.	%	Max.	Min.	Per.	%
Energy	111.26	107.37	+3.54		Capital Goods	113.18	112.47	+0.83
Utilities	121.27	120.17	+0.92		New Materials	125.48	124.29	+0.97
Finance	118.76	118.30	+0.39		Consumer Goods	98.78	98.92	-0.87
Services	118.59	118.34	+0.55		Miscellaneous	124.21	122.30	+1.58

For more information about the index, a booklet is available free of charge. Write to: TIB Index, 181 Avenue Charles de Gaulle, 92221 Neuilly Cedex, France.

Eli Lilly To Pay \$4 Billion For PCS

Compiled by Our Staff From Dispatches

INDIANAPOLIS — Eli Lilly & Co. said Monday it would buy PCS Health Systems Inc. from McKesson Corp. for \$4 billion in cash.

The move by Lilly, one of the largest U.S. pharmaceutical companies, is a step in the rapid consolidation of the industries that make and deliver drugs to consumers.

PCS, known as a pharmacy benefit management company, handles prescription drug benefits for about 50 million people. Companies like PCS are hired by corporations and health-care providers to process prescription claims, negotiate discounts with drug companies and monitor how doctors prescribe medicine.

Randall Tobias, the chairman of Lilly, said the deal would be Lilly's largest acquisition to date.

The agreement calls for McKesson shareholders to receive \$3.4 billion cash, or \$76 a share, for their McKesson stock. The remaining \$600 million will be pumped into a new McKesson company that will include all assets except PCS.

Current McKesson shareholders will be able to exchange each of the current shares for a share in the new company.

The new McKesson would consist of McKesson's wholesale drug operation, Millbrook Distribution Services, McKesson Water Products and a 57 percent stake in Armor All Products Corp.

McKesson investors greeted the deal by sending the shares up \$2.75, to \$98, on the New York Stock Exchange.

Lilly shares closed down \$7.575 at \$50. The two topped the NYSE's most-active list.

Lilly plans to pay for the purchase by issuing debt and raising money from previously disclosed plans to sell its medical devices and tests unit.

(AP, Bloomberg)

QVC, CBS and Disney?

By Geraldine Fabrikant with Bernard Weinraub
New York Times Service

NEW YORK — When the boards of CBS Inc. and QVC Network Inc. meet Tuesday and Wednesday to vote on a merger of the two companies, Wall Street and Hollywood executives say, the Walt Disney Co. may emerge as a wild card in the deal.

Ever since the merger announcement nearly two weeks ago — and even before — many people in the television industry have been looking at Disney as a logical fit with a broadcast network.

CBS has been at the center of speculation about Disney because the network has been in play, and because its lack of a cable television connection and its loss of professional football to Fox have been seen as major liabilities.

"People think Disney might jump in because Disney has longed for a network outlet for a long time and has the expertise to manage a network," said Harold Vogel, a media analyst who follows Disney for Merrill Lynch & Co. "This is a relatively easy way to get into both cable and network."

Why Disney?

Even though it may be better known for its theme parks and movies, Disney is a leading producer of network programming, including ABC's "Home Improvement," the most popular series on American television this season. But like other independent programmers, Disney may soon find itself at a disadvantage because federal rules are rapidly changing to let the networks produce and distribute more of the programs they broadcast.

Rumors have been circulating in the entertainment industry that Disney may be about to strike some sort of network partnership. Executives at CBS and QVC have denied the talk, and Disney executives have refused to comment on whether the company is planning a strategic move into broadcasting.

But many in the industry think there is a strong rationale for an alliance between Disney and a network.

Getting shows onto the networks is a dicey business for producers, and it is getting harder. The networks, once denied the right to produce and syndicate their own programs, have in recent years been unshackled by the Federal Communications Commission. By November 1995, they will be able not only to produce programs but also to sell rerun rights in the syndication market in the United States.

The networks are also increasing in-house production, which could make it more difficult for companies such as Disney to get their own shows on air.

Big-Time Lobbying

Disney spent more than \$444,000 on lobbying to win a \$163 million subsidy for its proposed theme park from the Virginia Legislature. According to disclosure forms released Friday, Disney paid out as much money for lobbying in Richmond in the last year as the next five biggest spenders combined. The company spent four times as much as the main opponent of its park, the Piedmont Environmental Council, whose spending totaled about \$106,000.

Kim's Death Puts Markets on Edge

By Steven Brull

International Herald Tribune

SEOUL — Rumors of North Korean leader Kim Il Sung's demise have swept through the South Korean bourse dozens of times in the past decade, invariably sending the index higher on the view that reunification of the peninsula would be a plus for South Korea's economy.

But on Monday morning, in the stock market's first reaction to the news that Mr. Kim had died last week, shares plummeted.

The consensus now is that political turmoil north of the border could pose major risks for South Korea, including a sudden reunification that would deal an economic blow

like the one borne by Germany after its reunification.

Still, after an initial plunge of more than 2 percent, the Korea Composite Stock Price Index steadily recovered and closed Monday's session just 7.54 points lower, at 948.84, in active trading.

The modest decline underscored growing confidence among South Korean investors that North Korea would make a smooth transfer of power, most likely to Kim Jong Il, the eldest son of Mr. Kim.

The market's reaction also reflected the timing of the news of Kim Il Sung's death on Friday, which was announced here on Saturday, just after the stock

market had gained 7.42 points in a half-day session. During the interval, there were indications that Kim Jong Il was consolidating power and that Seoul's response was swift and collected.

"It was very well-timed," said James Osborne, head of research at W. I. Carr in Seoul. "Kim Il Sung must have had the interests of the stock market in mind."

The market's tone also underscored the momentum of a rally, which has made Seoul's bourse among the most dynamic in Asia. Over the past two years, the main index has more than doubled, and many think it could rise 25 percent more before the end of this year.

Another Round Of Commodity Price Jumps

Coffee Climbs On Brazil Frost

Reuters

LONDON — Coffee prices surged on Monday to their highest level in eight and a half years after frosts threatened to wipe out half of Brazil's crop, the world's largest.

But producers, instead of rejoicing, were worried that consumers would balk at paying more when retail prices rise and would switch to other drinks.

News that the second frost in two weeks had hit Brazil's major coffee-growing areas sent prices on the London futures market at one stage more than \$900 a ton higher, to \$4,000 for delivery in September, the highest quote since early 1986.

"I am naturally concerned about this news and the impact it will have on the market," said

See COFFEE, Page 8

Aluminum Soars To New Highs

Reuters

LONDON — The price of aluminum, one of world's most widely used metals, jumped to fresh highs Monday with traders convinced that growing demand was finally cutting into a mountain of stock.

Prices on the London Metal Exchange rose \$15 a ton to \$1,549 for delivery in three

Profit plummets 50 percent at Alcoa of Australia, Page 11.

months, the highest price since early 1991. Traders said \$1,600 was the next target. Spot aluminum rose to \$1,523.50 a ton from \$1,512.

Prices now stand 50 percent above last autumn's eight-year lows, when a recession-hit market had more metal than it could use. Extra metal was also coming from Russia, which, desperate for foreign exchange and faced with the evaporation of domestic demand, exported hundreds of thousands of tons.

But the world's major producers earlier this year agreed to cut back their output to try to help prices which, in many cases, had fallen below the cost of production.

"It is all coming good at the moment — stocks are down, people need metal, and they can't get hold of it where they want it," one dealer said.

The International Primary Aluminum Institute said total stocks in May fell 64,000 tons, to 3.58 million, down 3.7 percent from its February peak.

A clear sign of the growing demand for aluminum, analysts say, is rising prices for delivery of the metal in the near-term, which in some cases are now higher than prices for more distant delivery dates.

Thinking Ahead / Commentary

WTO Will Be a Benevolent Patrolman

By Reginald Dale

International Herald Tribune

WASHINGTON — International conspiracy theorists in Washington are putting about a new scare: Secret conclaves of bureaucrats, many from developing countries hostile to America, are about to take over the world trading system. Delegates from places like Burma and Cuba will impose their will on the United States, preventing it from enacting its own laws to protect the environment and the health of its population — even from raising its own taxes.

This sinister bid for world governance will be launched by the new World Trade Organization that is to start operations next year, probably in Geneva, as successor to the General Agreement on Tariffs and Trade.

Equally fervently, supporters of the WTO, including the U.S. administration, argue that it will not diminish the country's sovereignty over its own affairs by one iota.

Both are wrong. The WTO is not the monster portrayed by its opponents but, like many other international treaties and agreements, it does impinge on U.S. sovereignty. The point is that it is well worthwhile to sacrifice a little autonomy to gain the WTO's benefits, which will be considerable.

It is difficult, however, for the WTO's supporters to make this argument in Washington, where any perceived loss of

national sovereignty arouses strong opposition — particularly in a U.S. Congress anxious to guard its right to conduct trade policy. So, as the administration tries to persuade Congress to ratify the latest world trade agreement, which sets up the WTO, it is having to be a little deceitful on the sovereignty issue.

But the WTO's opponents are being deceitful too, disingenuously arguing the

The United States can only gain as more countries are required to play by the same rules.

organization could actually be rejected without upsetting the rest of the agreement.

That is simply wrong. Washington's acceptance of the WTO was an essential part of the final package deal struck in Geneva last December and it cannot be reopened.

Nor is it true the United States is going to be pushed around by the likes of Cuba and Burma. The way the WTO makes decisions will not be all that much different from GATT, and the United States, as the world's largest economy, is certainly going to maintain its ample weight.

What is true, on the other hand, is that all nations are losing sovereignty as the world economy goes global. Even the United States, for instance, has little

control over its currency. As traditional economic barriers fall, policy instruments that used to be of solely domestic concern can be used to impede trade.

U.S. rules on automobile fuel efficiency, for example, are legitimate grounds for complaint if they discriminate against imported cars that are engineered to a different standard, as the European Union is currently alleging in GATT.

It will certainly be possible to challenge many such practices in the WTO — which does not mean, of course, that the WTO will automatically uphold the challenge. If it does not blindly uphold such challenges, it will no longer be possible for Washington — or anyone else, for that matter — to veto the outcome. That is one of the real transfers of power to the new organization. Another is that U.S. use of unilateral trade action, and retaliation, will be much restricted.

The point is that these are all very good things. It is good for everyone, including the United States, if Congress's protectionist tendencies, and its fondness for unilateral bullying, are restrained. In fact, it was the United States, which brings the most trade complaints, that quite rightly wanted to end the national veto over GATT rulings.

The United States, arguably the world's most open economy, can only gain as more countries are required to play by the same rules. It should be happy to have a stronger policeman to enforce those rules, even if it has to obey them itself.

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Sweden (former)	S.Kr. 3,100	1,550	930
Switzerland	S.Fr. 3,500	1,750	1,050
Rest of Europe ex CEE	S	265	145
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Australian	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Belgium	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Canada	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Denmark	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
France	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Germany	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Italy	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Japan	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Netherlands	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Portugal	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Spain	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Sweden	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Switzerland	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
UK	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
West Germany	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Yen	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

Changes in Amsterdam, London and Zurich, Europe in other centers New York and Toronto rates of 3 p.m.

a: To buy new pounds; b: To buy one dollar; c: Units of 100; N.A.: not quoted; N.A.: not available.

Other Dollar Values

Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian	0.9981	Hong Kong	7.7563	N. Zealand	1.4966
Belgium	1.2502	India Rupee	31.157	Norway	4.6335
Canada	0.7456	Israeli Sheq.	3.4834	Phil. peso	46.335
Denmark	0.6463	Japanese yen	136.77	Polish zloty	200.48
France	0.6559	Korean won	200.48	Port. escudo	200.48
Germany	0.6366	Malay. ring.	2.3666	Roman. ruble	200.48
Italy	0.6366	Swedish krona	4.6335	Soviet ruble	200.48
Japan	0.0074	Swiss franc	0.7556	Thai baht	200.48
Netherlands	0.6366	Thai baht	200.48	Turkish Lira	200.48
Portugal	0.6366	Turkish Lira	200.48	U.S. dollar	1.0000
Spain	0.6366	U.S. dollar	1.0000	Venez. bolivar	200.48
Sweden	0.6366	Venez. bolivar	200.48	Yen	100.00
Switzerland	0.6366	Yen	100.00		

Sources: ING Bank (Amsterdam); Indesec Bank (Brussels); Swiss Confederation (Bern); (Netherlands); Agency France Presse (Paris);

MARKET DIARY

Bonds and Dollar Weigh on Shares

Bloomberg Business News
NEW YORK — U.S. stocks fell for the first time in three days, tracking losses in bonds and the dollar, as signs of rising interest rates overwhelmed optimism about second-quarter earnings.

A slump in drug shares, led by Eli Lilly & Co., paced the stock market's retreat.

"Stocks and bonds are running in tandem," said Robert von Pentz, chief investment officer at Riggs Investment Management Corp. "That probably means the ability for earnings to impact the direction of the stock market is far more muted than the ability of interest rates."

As interest rates rise, cash equivalents such as Treasury bills become more competitive with stocks. Higher rates also raise corporate borrowing costs and diminish earnings.

The Dow Jones industrial average, which fell as much as 28.49 points, pared its losses to close down 6.15 points, at 3,702.99.

Eleven stocks fell for every nine that rose on the New York Stock Exchange. Trading was moderate, with about 22.29 million shares changing hands

on the Big Board, down from 233.62 million on Friday.

Stocks fell as the yield on the Treasury's benchmark 30-year bond jumped five basis points, to 7.75 percent, and the dollar sank. As long as the dollar is weakening, foreign investors are likely to avoid U.S. bonds for fear of currency losses.

Bonds, already unmoved by the stronger-than-expected employment figures on Friday, fell amid nervousness about this week's reports on wholesale prices, consumer prices and retail sales that might signal more inflation and higher interest rates.

Semiconductor stocks rose for a second day amid expectations that an industry report set for release soon would show that new chip orders outstripped product shipments in June.

Asante Technologies Inc. closed down 2 1/4 at 5, setting a 52-week low of 4 1/4, after a loss of 3 cents a share, compared with earnings of six cents a year ago.

Bausch & Lomb fell 1 1/4 to 35 1/4. The maker of contact lenses said earnings for the second quarter fell to 53 cents a share from 55 cents a year ago.

DOLLAR: No Bottom in Sight

Continued from Page 1
than one analyst recalled the dramatic turn engineered by Paul A. Volcker in 1979 when as Fed chairman he deliberately shocked markets into recognizing he would let interest rates go sky high to end inflation.

"Things are nowhere near that bad, but the first law of holes when you get into one is to stop digging," said Geoffrey Bell, who runs his own New York

consulting firm and is executive secretary of the Group of 30, a bankers' study group.

"The U.S. now is competing for capital with other nations. The Fed has to stop these mealy-mouthed quarter-point moves and get rates up," he said, adding that only then would interest in the Treasury bond market be rekindled.

The price of the benchmark 30-year Treasury bond fell Monday, losing 10 1/2 points, to 83. That raised its yield to 7.72 percent from 7.69 percent Friday.

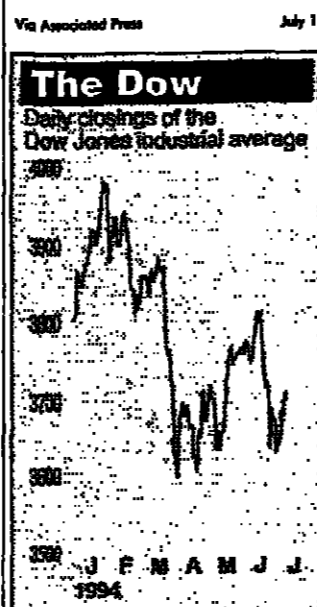
Nicholas Sargen, of Pruden-

tial Global Fixed Income Advisors, said that in the past few years, he has led pension fund clients into foreign bonds for higher yields but kept about one-third of his clients' money in dollars. Now only about 15 percent to 20 percent of his recommended portfolio is in dollars.

"The Fed has got to get ahead of market expectations, and then we'll discuss it," he said. "The administration also has to have a dollar policy. Right now it simply seems to be open warfare on exchange-rate policy."

Mr. Clinton tried repeatedly at Naples to dispel the impression his administration wanted a cheaper dollar as a weapon against Japan in trade negotiations and he repeated the reassurance in Bonn on Monday.

One Wall Street bond guru sniffed at such statements. He said "I think 'sell' every time he hears Trade Representative Mickey Kantor, Commerce Secretary Ronald H. Brown or Robert Reich, the labor secretary, speak."



U.S. Stocks

NYSE Most Active

Vol.	High	Low	Last	Chg.
4471	34 1/4	34 1/4	34 1/4	+7/8
3631	34 1/4	34 1/4	34 1/4	+7/8
2691	34 1/4	34 1/4	34 1/4	+7/8
1481	34 1/4	34 1/4	34 1/4	+7/8
1391	34 1/4	34 1/4	34 1/4	+7/8
1301	34 1/4	34 1/4	34 1/4	+7/8
1201	34 1/4	34 1/4	34 1/4	+7/8
1101	34 1/4	34 1/4	34 1/4	+7/8
1001	34 1/4	34 1/4	34 1/4	+7/8
901	34 1/4	34 1/4	34 1/4	+7/8
801	34 1/4	34 1/4	34 1/4	+7/8
701	34 1/4	34 1/4	34 1/4	+7/8
601	34 1/4	34 1/4	34 1/4	+7/8
501	34 1/4	34 1/4	34 1/4	+7/8
401	34 1/4	34 1/4	34 1/4	+7/8
301	34 1/4	34 1/4	34 1/4	+7/8
201	34 1/4	34 1/4	34 1/4	+7/8
101	34 1/4	34 1/4	34 1/4	+7/8
1	34 1/4	34 1/4	34 1/4	+7/8

NYSE Most Active

Vol.	High	Low	Last	Chg.
3271	49 1/4	49 1/4	49 1/4	+1 1/4
2691	49 1/4	49 1/4	49 1/4	+1 1/4
1481	49 1/4	49 1/4	49 1/4	+1 1/4
1391	49 1/4	49 1/4	49 1/4	+1 1/4
1301	49 1/4	49 1/4	49 1/4	+1 1/4
1201	49 1/4	49 1/4	49 1/4	+1 1/4
1101	49 1/4	49 1/4	49 1/4	+1 1/4
1001	49 1/4	49 1/4	49 1/4	+1 1/4
901	49 1/4	49 1/4	49 1/4	+1 1/4
801	49 1/4	49 1/4	49 1/4	+1 1/4
701	49 1/4	49 1/4	49 1/4	+1 1/4
601	49 1/4	49 1/4	49 1/4	+1 1/4
501	49 1/4	49 1/4	49 1/4	+1 1/4
401	49 1/4	49 1/4	49 1/4	+1 1/4
301	49 1/4	49 1/4	49 1/4	+1 1/4
201	49 1/4	49 1/4	49 1/4	+1 1/4
101	49 1/4	49 1/4	49 1/4	+1 1/4
1	49 1/4	49 1/4	49 1/4	+1 1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
1181	11 1/4	11 1/4	11 1/4	+1/4
1081	11 1/4	11 1/4	11 1/4	+1/4
981	11 1/4	11 1/4	11 1/4	+1/4
881	11 1/4	11 1/4	11 1/4	+1/4
781	11 1/4	11 1/4	11 1/4	+1/4
681	11 1/4	11 1/4	11 1/4	+1/4
581	11 1/4	11 1/4	11 1/4	+1/4
481	11 1/4	11 1/4	11 1/4	+1/4
381	11 1/4	11 1/4	11 1/4	+1/4
281	11 1/4	11 1/4	11 1/4	+1/4
181	11 1/4	11 1/4	11 1/4	+1/4
81	11 1/4	11 1/4	11 1/4	+1/4
1	11 1/4	11 1/4	11 1/4	+1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
1181	11 1/4	11 1/4	11 1/4	+1/4
1081	11 1/4	11 1/4	11 1/4	+1/4
981	11 1/4	11 1/4	11 1/4	+1/4
881	11 1/4	11 1/4	11 1/4	+1/4
781	11 1/4	11 1/4	11 1/4	+1/4
681	11 1/4	11 1/4	11 1/4	+1/4
581	11 1/4	11 1/4	11 1/4	+1/4
481	11 1/4	11 1/4	11 1/4	+1/4
381	11 1/4	11 1/4	11 1/4	+1/4
281	11 1/4	11 1/4	11 1/4	+1/4
181	11 1/4	11 1/4	11 1/4	+1/4
81	11 1/4	11 1/4	11 1/4	+1/4
1	11 1/4	11 1/4	11 1/4	+1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
1181	11 1/4	11 1/4	11 1/4	+1/4
1081	11 1/4	11 1/4	11 1/4	+1/4
981	11 1/4	11 1/4	11 1/4	+1/4
881	11 1/4	11 1/4	11 1/4	+1/4
781	11 1/4	11 1/4	11 1/4	+1/4
681	11 1/4	11 1/4	11 1/4	+1/4
581	11 1/4	11 1/4	11 1/4	+1/4
481	11 1/4	11 1/4	11 1/4	+1/4
381	11 1/4	11 1/4	11 1/4	+1/4
281	11 1/4	11 1/4	11 1/4	+1/4
181	11 1/4	11 1/4	11 1/4	+1/4
81	11 1/4	11 1/4	11 1/4	+1/4
1	11 1/4	11 1/4	11 1/4	+1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
1181	11 1/4	11 1/4	11 1/4	+1/4
1081	11 1/4	11 1/4	11 1/4	+1/4
981	11 1/4	11 1/4	11 1/4	+1/4
881	11 1/4	11 1/4	11 1/4	+1/4
781	11 1/4	11 1/4	11 1/4	+1/4
681	11 1/4	11 1/4	11 1/4	+1/4
581	11 1/4	11 1/4	11 1/4	+1/4
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381	11 1/4	11 1/4	11 1/4	+1/4
281	11 1/4	11 1/4	11 1/4	+1/4
181	11 1/4	11 1/4	11 1/4	+1/4
81	11 1/4	11 1/4	11 1/4	+1/4
1	11 1/4	11 1/4	11 1/4	+1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
1181	11 1/4	11 1/4	11 1/4	+1/4
1081	11 1/4	11 1/4	11 1/4	+1/4
981	11 1/4	11 1/4	11 1/4	+1/4
881	11 1/4	11 1/4	11 1/4	+1/4
781	11 1/4	11 1/4	11 1/4	+1/4
681	11 1/4	11 1/4	11 1/4	+1/4
581	11 1/4	11 1/4	11 1/4	+1/4
481	11 1/4	11 1/4	11 1/4	+1/4
381	11 1/4	11 1/4	11 1/4	+1/4
281	11 1/4	11 1/4	11 1/4	+1/4
181	11 1/4	11 1/4	11 1/4	+1/4
81	11 1/4	11 1/4	11 1/4	+1/4
1	11 1/4	11 1/4	11 1/4	+1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
1181	11 1/4	11 1/4	11 1/4	+1/4
1081	11 1/4	11 1/4	11 1/4	+1/4
981	11 1/4	11 1/4	11 1/4	+1/4
881	11 1/4	11 1/4	11 1/4	+1/4
781	11 1/4	11 1/4	11 1/4	+1/4
681	11 1/4	11 1/4	11 1/4	+1/4
581	11 1/4	11 1/4	11 1/4	+1/4
481	11 1/4	11 1/4	11 1/4	+1/4
381	11 1/4	11 1/4	11 1/4	+1/4
281	11 1/4	11 1/4	11 1/4	+1/4
181	11 1/4	11 1/4	11 1/4	+1/4
81	11 1/4	11 1/4	11 1/4	+1/4
1	11 1/4	11 1/4	11 1/4	+1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
1181	11 1/4	11 1/4	11 1/4	+1/4
1081	11 1/4	11 1/4	11 1/4	+1/4
981	11 1/4	11 1/4	11 1/4	+1/4
881	11 1/4	11 1/4	11 1/4	+1/4
781	11 1/4	11 1/4	11 1/4	+1/4
681	11 1/4	11 1/4	11 1/4	+1/4
581	11 1/4	11 1/4	11 1/4	+1/4
481	11 1/4	11 1/4	11 1/4	+1/4
381	11 1/4	11 1/4	11 1/4	+1/4
281	11 1/4	11 1/4	11 1/4	+1/4
181	11 1/4	11 1/4	11 1/4	+1/4
81	11 1/4	11 1/4	11 1/4	+1/4
1	11 1/4	11 1/4	11 1/4	+1/4

NYSE Most Active

Vol.	High	Low	Last	Chg.
1181	11 1/4	11 1/4	11 1/4	+1/4
1081	11 1/4	11 1/4	11 1/4	+1/4
981	11 1/4	11 1/4	11 1/4	+1/4
881	11 1/4	11 1/4	11 1/4	+1/4
781	11 1/4	11 1/4	11 1/4	+1/4
681	11 1/4	11 1/4	11 1/4	+1/4
581	11 1/4	11 1/4	11 1/4	+1/4
481	11 1/4	11 1/4	11 1/4	+1/4
381	11 1/4	11 1/4	11 1/4	+1/4
281	11 1/4	11 1/4	11 1/4	+1/4
181	11 1/4	11 1/4	11 1/4	+1/4
81	11 1/4	11 1/4	11 1/4	+1/4
1	11 1/4	11 1/4	11 1/4	+1/4

NYSE Most Active

1181	11 1/4	11 1/4	11 1/4	+1/4	1181	11 1/4	11 1/4	11 1/4	+1/4
1081	11 1/4	11 1/4	11 1/4	+1/4	1081	11 1/4	11 1/4	11 1/4	+1/4
981	11 1/4	11 1/4	11 1/4	+1/4	981	11 1/4	11 1/4	11 1/4	+1/4
881	11 1/4	11 1/4	11 1/4	+1/4	881	11 1/4	11 1/4	11 1/4	+1/4
781	11 1/4	11 1/4	11 1/4	+1/4	781	11 1/4	11 1/4	11 1/4	+1/4
681	11 1/4	11 1/4	11 1/4	+1/4	681	11 1/4	11 1/4	11 1/4	+1/4
581	11 1/4	11 1/4	11 1/4	+1/4	581	11 1/4	11 1/4	11 1/4	+1/4
481					481				
381					381				
281					281				
181					181				
11	11 1/4	11 1/4	11 1/4	+1/4	11	11 1/4	11 1/4	11 1/4	+1/4
10	11 1/4	11 1/4	11 1/4	+1/4	10	11 1/4	11 1/4	11 1/4	+1/4
9	11 1/4	11 1/4	11 1/4	+1/4	9	11 1/4	11 1/4	11 1/4	+1/4
8	11 1/4	11 1/4	11 1/4	+1/4	8	11 1/4	11 1/4	11 1/4	+1/4
7	11 1/4	11 1/4	11 1/4	+1/4	7	11 1/4	11 1/4	11 1/4	+1/4
6	11 1/4	11 1/4	11 1/4	+1/4	6	11 1/4	11 1/4	11 1/4	+1/4
5	11 1/4	11 1/4	11 1/4	+1/4	5	11 1/4	11 1/4	11 1/4	+1/4
4	11 1/4	11 1/4	11 1/4	+1/4	4	11 1/4	11 1/4	11 1/4	+1/4
3	11 1/4	11 1/4	11 1/4	+1/4	3	11 1/4	11 1/4	11 1/4	+1/4
2	11 1/4	11 1/4	11 1/4	+1/4	2	11 1/4	11 1/4	11 1/4	+1/4
1	11 1/4	11 1/4	11 1/4	+1/4	1	11 1/4	11 1/4	11 1/4	+1/4

Australia Dollar Halves Profit At Alcoa Unit

Compiled by Our Staff From Dispatches

MELBOURNE — Weak prices and a strengthening Australian dollar combined to slash first-half profit by 50 percent at Alcoa of Australia Ltd., the world's leading producer of alumina, the company said Monday.

Although Alcoa predicted an eventual improvement in its profitability, it said the remainder of the year would be difficult. The alumina industry has been suffering from oversupply, but rising demand linked to improving world economies and an international agreement to reduce supplies are expected to boost profitability.

Alcoa said its profit in the first half fell 52 percent, to 124.7 million Australian dollars (\$91 million) from 258.4 million in the first six months of 1993, when earnings were boosted by a 59.7 million dollar gain related to reduced tax rates.

Profit excluding one-time gains fell by 37 percent in the latest period as sales fell to 982.5 million dollars from 1.07 billion.

The reduced profit was due mainly to lower U.S. dollar prices for the company's products and lower sales volumes for alumina and gold. A strong Australian dollar, which reduces revenue expressed in the local currency, also had an adverse impact, the company said.

Alcoa of Australia is 51 percent-owned by Alumininum Co. of America, while Western Mining Corp. Holdings Ltd. currently holds 48.25 percent. Under an agreement announced last week, Western Mining and Alcoa will merge their worldwide alumina operations. That combination will include the transfer of a 9 percent stake in Alcoa of Australia to its U.S. parent from Western Mining.

Alumina is a powder refined from the mineral bauxite. It is processed into alumina.

In London, the International

Primary Aluminum Institute said Monday that stockpiles of alumina in the industrialized countries fell to 3.580 million metric tons from 3.644 million tons in April. Supplies have been falling since early this year, when producers agreed to reduce output by about 10 percent.

On the London Metals Exchange, spot aluminum ended at \$1,523.50 a ton, up from \$1,512 on Friday. The metal ended last year at \$1,108.50 and was about \$1,240 a year ago.

Meanwhile, the Australian dollar is now worth about 73 U.S. cents, up from 68 cents at the end of last year.

Alcoa of Australia also produces gold. It said its output fell to 57,143 ounces in the latest six-month period from 70,409 in the similar 1993 span.

(Bloomberg, AFP, Reuters)

Players Merger To Counter Bid

Reuters

SYDNEY — In an effort to quash a hostile takeover bid, Players Group Ltd. said Monday it would merge with Lanes Biscuits Pty. of New Zealand.

The Singapore-based Jack Chia MPH Ltd. has submitted a bid for Players that values the company at 20.12 million Australian dollars (\$15 million), or 85 cents a share. Peter McGovern, the chairman of Players, said the merger should end Jack Chia's quest.

The new company will be the second-largest cookie company in Australia, behind Arnotts Ltd., and will have annual sales of more than 100 million Australian dollars. Gary Lane, chairman of Lanes, is to be chairman of the merged company and have an interest in 56.3 percent. The Player family and its associates will own 12.8 percent.

JVC Says Goodbye to Hollywood

Electronics Company Shuns the Risks of Making Movies

Bloomberg Business News

TOKYO — Five years ago, Victor Co. of Japan led a charge by Japanese electronics makers into the glamorous world of movies when it earmarked \$100 million to set up a Hollywood production and distribution company.

Now, Victor, a video equipment maker better known as JVC, has quietly slipped out of the director's chair. Instead of making films, it is just distributing them.

JVC, trying to return to the black after two consecutive years of losses, reorganized its Hollywood strategy after judging that the costs and risks involved in making movies were too high.

The decision reflects the difficulties faced by Japan's electronics companies in the competitive world of motion pictures. JVC's California subsidiary, Largo Entertainment, had successes like "Unlawful Entry" and "Point Break." But the Japanese parent wanted to find a surer way of making money in Hollywood.

"Making films is the most risky part of the movie business, because you don't know if you will wind up with a good product until you're actually done with it," said Ryoichi Asada, a JVC spokesman.

JVC's consolidated net loss widened to 26.8 billion yen (\$272 million) in the year ended March 31 from 25.5 billion yen the previous year. The company said in May that it hopes to break even this year.

As a result of the reorganization, Largo no longer distributes movies in the massive North American market, concentrating instead on distribution rights

for films in international markets, including Japan.

"Distribution carries a small risk, because you make a decision on whether to go with a movie after you've actually seen it," Mr. Asada said.

Mr. Asada added that JVC's retreat from distribution in North America was tied to its decision to stop making films.

Distribution is safer 'because you make a decision on whether to go with a movie after you've actually seen it.'

Ryoichi Asada, a JVC spokesman.

"Major production companies in the U.S. tend to take care of distribution on their own," he said. "And independent films tend to distribute through major houses."

JVC was the first Japanese electronics maker to move into Hollywood, when it established Largo with Lawrence Gordon, the producer of "Die Hard" and "Field of Dreams," as chairman in August 1989.

Shortly after, Sony Corp. spent \$3.4 billion to acquire Columbia Pictures Entertainment and its music business from Coca-Cola Co. Then, Matsushita Electric Industrial, which has a 52.4 percent stake in JVC, plunked down more than \$6 billion for MCA Inc., owner of Universal Pictures.

The investments did not stop there. In 1990, Pioneer Electronics Corp. began investing in Carolco Pictures Inc., eventually taking about a 20 percent stake.

The companies' motives were simple: by stepping into the production side of the movie and music business, Japan's electronics giants gained direct control of the entertainment products needed to feed sales of their audio and video equipment.

"The leisure market in the U.S. is quite big," said Eric Gan, an analyst at Goldman, Sachs & Co. in Tokyo. Indeed, movie ticket sales and video rentals total about \$13 billion a year in America, compared with about 65 billion yen (\$663 million) in Japan, he said.

"Japanese dominate the hardware part of the U.S. market; they knew they needed to control the movie side, the software side, too," added Mr. Gan.

While the concept should help build the companies' business in the long term, the returns to date have hardly been breathtaking.

So far, the biggest winner in Hollywood has been MCA, which took in worldwide box-office sales of \$900 million for "Jurassic Park."

"Nobody is making money, except for MCA," Mr. Gan said.

For Japanese electronics makers, the poor return afforded by Hollywood could not have come at a worse time. After pouring billions of dollars into acquisitions, the companies saw their profits plummet amid a worldwide slump in electronics markets and a rise in the value of the yen.

Reliance Reports Sharp Rise in Profit

Compiled by Our Staff From Dispatches

BOMBAY — India's largest private-sector company, Reliance Industries Ltd., Monday announced a sharp increase in profit for the year ended March 31, reflecting a surge in the performance of the country's corporate sector.

At its annual board meeting, the textiles and petrochemicals company reported a 79 percent increase in after-tax profit, to 5.75 billion rupees (\$183 million). The company also announced a 5.10 rupee dividend for each 10-rupee share, compared with the previous year's 3.50 rupee dividend.

Analysts said the dividend indicated a better year lies ahead for private companies in India.

"It is great, but it was expected," said Vivek Parikh of the brokerage Jamnadas Morsjee and Co. "And it is in line with the rest of the corporate sector."

Tata Iron & Steel Co., part of the Tata group, has reported a

42 percent jump in net profit for the latest fiscal year to 1.81 billion rupees, and the tobacco concern ITC Ltd.'s after-tax profit was 2.06 billion rupees, up 32 percent.

On the strength of the Reliance announcement, the Bombay stock exchange, the country's largest bourse, rose 3.52 points Monday, to 4,080.17. The national index, which tracks 100 stocks from the top five exchanges, was up 5.29 points, to 1,940.06.

Reliance is the most heavily weighted stock in Bombay, comprising 14.3 percent of the index.

"This is the largest dividend distribution in Indian corporate history," said Anil Ambani, Reliance's joint managing direc-

tor. The dividend payout will amount to 1.4 billion rupees.

The results came just after Reliance became the first Indian company to be listed among the 50 largest companies in the world's emerging markets by Business Week magazine. Its growth is partly due to the expansion of the domestic plastics market.

Reliance's sales totaled 53.35 billion rupees, up 30 percent from 41.05 billion in the previous calendar year, reflecting the current bullish market for company products such as polyester fiber.

Reliance also benefited from cheap funds it raised through three bond issues totaling \$590 million.

(Reuters, Bloomberg)

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
13000	2500	20000
12500	2400	19000
11000	2300	18000
10000	2200	17000
9000	2100	16000
8000	2000	15000
1994	1994	1994
Exchange Index	Monday Close	Prev. Close
Hong Kong Hang Seng	8,394.94	8,432.98
Singapore Straits Times	2,151.25	2,162.94
Sydney All Ordinaries	1,961.28	1,964.90
Tokyo Nikkei 225	20,473.09	20,538.50
Kuala Lumpur Composite	888.88	887.78
Bangkok SET	1,278.37	1,287.34
Seoul Composite Stock	946.84	956.38
Taipei Weighted Price	6,333.80	6,191.79
Manila PSE	2,543.75	2,589.85
Jakarta Stock Index	458.45	462.20
New Zealand NZSE-40	1,946.51	1,955.93
Bombay National Index	1,940.06	1,938.21
% Change		
	-0.45	-0.31
	-0.19	-0.31
	+0.11	-0.70
	-0.79	+1.96
	-1.55	-0.38
	-0.53	+0.10

Sources: Reuters, AFP International Herald Tribune

Very briefly:

• NEC Corp., the Japanese electronics concern, said it won a 15 billion yen (\$152 million) order to supply mobile telephone base stations and switching equipment to Brazil.

• Australia Media Ltd., the Australian pay television company, secured all six microwave television licenses sold at a government auction for 17.3 million Australian dollars (\$12.7 million).

• STAR TV, the Asian satellite broadcaster, said it has signed an agreement with PolyGram Film International, a unit of Dutch entertainment concern PolyGram NV, to supply 20 films a year.

• Swiss Bank Corp. will offer currency warrants in Hong Kong, with over-the-counter trading to begin Tuesday; puts and calls on U.S. dollars, Deutsche marks and Japanese yen will be available.

• Marubeni Corp., the Japanese trading company, said it will acquire Royal Dutch/Shell Group's seed-breeding affiliate, Agripro Bioscience Inc., for an undisclosed amount.

• Australia's budget deficit improved in the year ended June 30, to 13.67 billion Australian dollars, compared with the previous year's deficit of 14.57 billion, the Finance Department said.

AFP, AP, Reuters, Bloomberg

Trading Probe in Tokyo

Agence France Press

TOKYO — The Tokyo Stock Exchange plans to investigate trading in Mitsubishi Oil Co. shares, which soared in heavy volume Monday before the company announced the auspicious results of test drilling in Vietnam, a news report said.

Jiji Press said the exchange suspected that inside information about the results of the test had been leaked before the announcement was made, 90 minutes after the market closed.

The company's share price jumped to 1,160 yen (\$11.76) at one stage Monday, its highest level so far this year, before sliding to close at 1,150 yen, up 40. Turnover almost tripled, to 14.57 million shares from Friday's 5.54 million.

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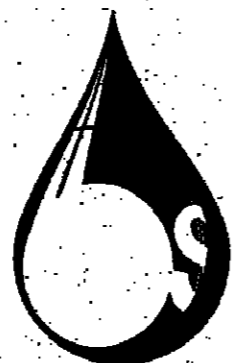
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SPORTS

Expos Overtake Braves With Defeat of Padres

The Associated Press
After opening the season 13-1, the Atlanta Braves looked like runaway winners in the National League East. Now look who's in second place.

Atlanta is looking up in the standings for the first time since Sept. 9 of last season. The Montreal Expos finally caught the

NL ROUNDOUP

Braves after nipping at their heels for a month.

Montreal, which trailed Atlanta by 8½ games before the season was even a month old, won their fourth straight game Sunday, an 8-2 victory over the San Diego Padres.

Will Cordero, named to replace Cincinnati's Barry Larkin on the NL's All-Star team before the game, hit his first career grand slam as the Expos completed a four-game sweep of the Padres.

"Things have really come together for this team," Cordero said. "Things have come together for me. I mean, making the All-Star team is just unbelievable. This is something you dream for."

The Expos, who outscored the Padres, 34-3, in the series, have been a nightmare for the Padres.

Sunday's victory was Montreal's ninth straight over San Diego, and the Expos' 19th in 21 games with the Padres.

"We could have been playing anybody the way we were playing," said Felipe Alou, Montreal's manager. "The kind of pressure we put on them in these four games, not too many people can handle that."

Moises Alou hit two homers and Jeff Fassero shut down the Padres after giving up two runs in the first inning. He gave up six hits and struck out eight in six innings.

Mel Rojas pitched the final three innings for his 15th save. Joey Hamilton was rocked in the worst outing of his young career. He lasted five innings and allowed seven runs and seven hits, including one of Alou's homers and Cordero's grand slam.

Pirates 7, Reds 6: Tom Foley's one-out double in the 11th scored pinch-runner Al Martin as Pittsburgh overcame a 6-0 deficit at Cincinnati.

Don Slaught, pinch-hitting for Steve Cooke, walked leading off and was replaced by Martin. Lance Parrish sacrificed before Foley doubled down the right-field line off Hector Carrasco.

Blas Mirer got the final three outs for his first save as the Pirates snapped a four-game losing streak with their first victory at Riverfront Stadium since July 2, 1993.

Trailing 6-0, Brian Hunter hit his second career grand slam in the sixth before the Pirates tied it with two in the eighth.

Mets 5, Dodgers 1: In Los

Angeles, Bobby Bonilla, Rico Brogna and Joe Orsulak homered to back eight solid innings by Bret Saberhagen. Saberhagen ran his career record against the Dodgers to 5-0 with his third straight victory.

Pedro Astacio gave up just two hits in seven innings, striking out 10. He took his first loss since June 1 in Atlanta.

Jeff Kent was hit by Astacio with one out in the second, and Brogna, a rookie, homered for the fifth time in 10 games.

Astros 5, Cubs 3: Orlando Miller, playing his third major-league game, hit two home runs out of Wrigley Field. Jeff Bagwell drove in his NL-leading 82d run and Pete Harnisch got his third straight victory for Houston, which enters the All-Star break 2½ games behind Cincinnati in the Central Division.

Miller, called up from Class AAA Tucson on Wednesday, hit his first homer in the fourth, giving the Astros a 3-0 lead. In the eighth, Miller homered again, making it 5-1.

Kevin Foster took the loss, giving up six hits and four walks in six innings.

Giants 2, Phillies 1: Pinch-hitter Jeff Reed's single in the 10th scored Dave Martinez to give San Francisco a four-game sweep of the visiting Philadelphia.

Reed's two-out single off Doug Jones drove in Martinez, who led off with a single and moved to second on Royce

Clayton's sacrifice. Dave Burba pitched 1½ innings for the victory.

Bobby Munoz, the Phillies' starter, took a three-hit shutout into the ninth before Darren Lewis led off with his fourth homer.

The Phillies have lost six straight games, their longest streak this season.

Marlins 6, Rockies 4: In Miami, pinch-hitter Mario Diaz hit a bases-loaded triple and the Marlins rallied from a four-run deficit for their third straight victory.

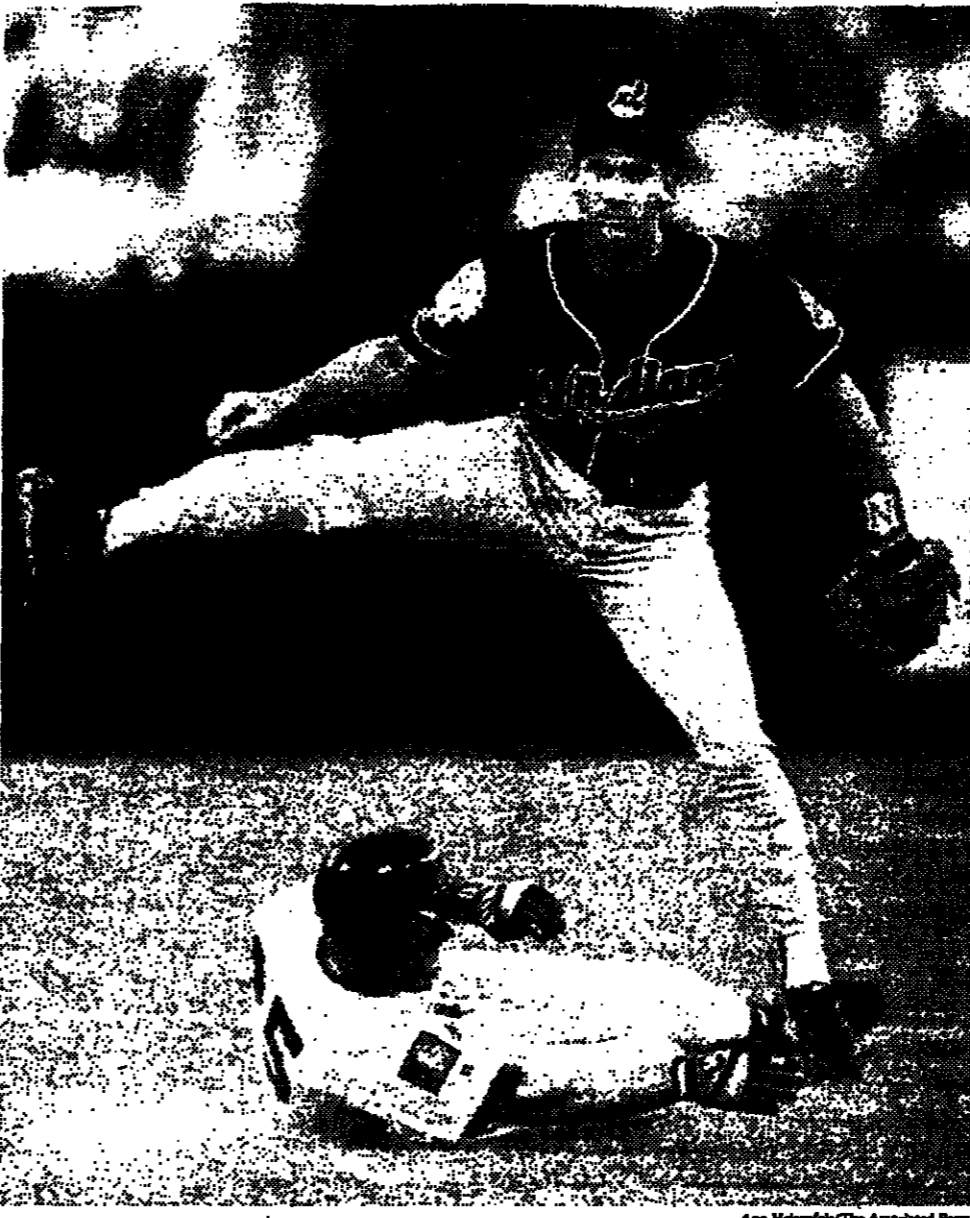
Bret Barberie doubled, homered and scored twice for the Marlins. They improved to 7-2 against Colorado, clinching the season series in the match of second-year teams.

Florida trailed, 4-2, when Barberie led off the sixth inning with a double against Mike Harkey. Kurt Abbott singled and Bob Natal walked to load the bases. Diaz then tripled on a 3-2 pitch to clear the bases.

In an earlier game, reported Monday in some editions of the *Herald Tribune*:

Cardinals 6, Braves 1: In Atlanta, Mark Whiten hit a three-run homer in support of Allen Watson, and the Cardinals reached the All-Star break at 5-0.

St. Louis entered the three-day All-Star break at 42-42, taking two of three games from the Braves after a five-game losing streak. The Braves (52-33) have lost nine of 15 games.



Omar Vizquel, the Indians' shortstop, taking a big step over the Twins' Rich Becker after the forceout at second and watching as his throw to first completed the double play.

Cloud of Strike-Talk Is Hanging Over The All-Star Game

By Claire Smith
New York Times Service

NEW YORK — Strike. Like a giant storm cloud, that word will hang over Pittsburgh this week, obscuring what would otherwise be baseball's most joyous event — the annual All-Star Game.

The game will be played Tuesday. And the anticipation this time around is described by some in major league baseball as being greater than last year's highly successful All-Star week in Baltimore.

Perhaps the ticket demand is so great because of the wondrous numbers being posted by players like Jeff Bagwell and Ken Griffey Jr. But perhaps Pittsburgh has also become the place to be because so many fans are now convinced this game will be the only jewel the sport will be able to showcase this year, so gloomy are forecasts of a long, bitter strike.

In other words, eat, drink and be merry, for tomorrow the game may die. The players hold in great disdain the owners' demands for a salary cap, and they seem to be prepared to wield their hammer — the right to strike — for the first time since 1985.

And unlike the relatively small blip on the screen that was the two-day strike in 1985, what lies ahead may turn out to be as hostile as the 50-day strike in 1981.

This is the atmosphere under which the players and owners come together in Pittsburgh. As a result, the game will provide not only a stage for the talent but a platform for the issues.

Players like the Yankees' Wade Boggs and Jimmy Key, the Dodgers' Mike Piazza, the Rangers' Ivan Rodriguez and the Expos' Marquis Grissom will likely address the division races their teams are waging. But they will also have to address questions about a strike and its possible consequences on those races.

In the same way, Griffey, Matt Williams, Frank Thomas and Albert Belle will be quizzed not only about their spirited chase of Roger Maris' record of 61 home runs in a season but about the calendar prematurely running out on them. For as Thomas said weeks ago, "We all know there will be a work stoppage."

Indeed, most of us do assume that. For those who don't, the All-Star Game will offer vivid warnings. Even as the All-Stars begin their practicing Monday, other players who have converged on the city will be meeting as members of the union's executive board, that gathering will carry just as much, if not more, import than anything that can possibly unfold on the field at Three Rivers Stadium.

Of course, this isn't the first time this year, this week or even this day that the real world has intruded on sports. Tales of murder, drug use, spousal abuse, gambling and thuggery have elbowed their way onto sports pages, with no end in sight. The same can be said of labor issues.

Because the business of sports now pervades the coverage of sports, many decry the loss of the safe haven that games once offered. Some argue, though, that these so-called games have always been about business. And those who make that argument include the pitchers Goose Gossage and Joe Black.

To Gossage's knowledge, he and Charlie Hough might be the only players to have been through every work stoppage in the major leagues.

Gossage, now a reliever with the Seattle Mariners, was a rookie with the White Sox in 1972 when the players first struck. He knew little of the issues that April, he said. This much he did know.

"I was on the streets of Chicago with a pocket full of change," he said. "I couldn't call home for money because my mother didn't have any." He at least had a sister living in Chicago. But his minimum wage of \$12,500, once cut in was now in danger. "I had \$27 in my pocket," he said. "It was scary."

Gossage survived. To star in the majors. And, alas, to see all the better, more strikes in 1980, 1981 and 1985; the lockout of players by owners in 1973, 1976 and 1990.

Gossage, long since schooled on the issues, says, "Everything is much clearer now." And he is a walking example of how a union has learned to prepare its members for battle.

Before Joe Black joined the Brooklyn Dodgers in 1952, he played in the Negro leagues, and he remembers how in the 1940s, before those players could join the majors, let alone the union, there was widespread disdain for the position the Negro league owners held on salaries. He remembers two all-star squads from the Negro leagues acted on that disdain by refusing to take the field before an all-star game.

"We refused to leave the clubhouse," Black said. "The owners came down, but we wouldn't leave. We got our money. We went all the way from \$25 to \$75 for the game."

Modern-day players would probably smile at such a story but cringe at such paltry sums of money. Owners would probably cringe at any tale of man-made cave-ins but smile at nostalgic references to dollar figures.

View From the Top: A Rare Perspective for Indians

The Associated Press
The Cleveland Indians will not use the All-Star break to celebrate their shocking occupancy of first place in the Central Division, with the best percentage in the American League. They will be thinking about staying in the race in the second half — a rarity on the shores of Lake Erie, where nary a championship flag has flown since 1954.

AL ROUNDOUP

Mark Clark pitched eight strong innings despite a stiff neck, and Kenny Lofton had four hits and four RBIs as the visiting Indians rolled into the All-Star break with a 9-1 victory Sunday over the Minnesota Twins.

While Clark held the Twins at bay, Lofton was busy proving why he is an All-Star. He had a homer among four hits and drove in four runs. Lofton homered off Scott Erickson in the first inning, his 10th after hitting only six in each of his first two big-league seasons.

"Home runs just happen," said Lofton, who is batting .378. "I have the power, but I don't go for them."

The Indians are in first place at the break for the first time since 1959. Cleveland (51-33) has its best record at the break since 1954, when it was 56-27 and went on to win its most recent pennant.

White Sox 7, Brewers 2: Jack McDowell won his fifth straight game, and Lance Johnson had three RBIs and stole home as visiting Chicago won its sixth straight game.

McDowell, last year's AL Cy Young Award winner, scattered 10 hits, walked one and struck out five in eight innings. Bill Wegman allowed five runs in 5½ innings as Milwaukee lost its fourth straight game.

In earlier games, reported Monday in some editions of the *Herald Tribune*:

Athletics 5, Orioles 4: Mark McGwire hit a two-run homer off Lee Smith in the ninth, as Oakland won at Baltimore. The Orioles were three outs away from taking over first place in the American League East when McGwire hit an 0-2 pitch over the center-field wall.

A victory would have pushed the Orioles past the first-place Yankees. Instead, Baltimore enters the break a half-game down. Red Sox 9, Mariners 2: Rich Rowland had a homer among

three hits and two RBIs as Boston — the worst in the American League in batting — came alive with 13 hits.

Joe Hesketh allowed five hits in seven innings. Both runs came on a homer by Marc Newfield. Hesketh came within six outs of his first complete-game victory since 1985.

Tigers 6, Rangers 5: Tony Phillips hit a three-run homer with two outs in the bottom of the ninth off Tom Henke to rally Detroit past visiting Texas.

Ivan Rodriguez hit a two-run

homer for the Rangers, who despite a 42-45 record head into the All-Star break in first place in the AL West.

Angels 9, Yankees 6: J.T. Snow homered and drove in four runs, and Spike Owen and Tim Salmon also homered for California to back Chuck Finley at Yankee Stadium.

Snow, a former Yankee, hit a two-run homer during the Angels' four-run fourth off Terry Mulholland and singled in two runs in the ninth. Owen, also an ex-Yankee, hit a two-run homer

in the first and Salmon led off the fifth with his 19th homer, both off Mulholland.

Blue Jays 7, Royals 3: Juan Guzman matched a career high with nine strikeouts in seven innings, and Joe Carter had a homer among three hits and three RBIs for Toronto.

Guzman won his second straight start after breaking a streak of four straight losses. Danny Cox went the final two innings for the save in his first appearance of the season.

Unser Races to His 5th IndyCar Victory

Reuters
CLEVELAND — Al Unser Jr. got his fifth victory in the last six IndyCar races, beating Nigel Mansell by a convincing 23.89 seconds in the Cleveland Grand Prix on Sunday.

Unser, the pole-sitter and this year's Indianapolis 500 winner, won with a track-record speed of 138.026 miles per hour (222.042 kilometers per hour) in a Penske Ilmor. Paul Tracy finished third, also in a Penske Ilmor.

Unser extended his points lead to 127, ahead of his Brazilian teammate Emerson Fittipaldi with 86. Fittipaldi retired from the

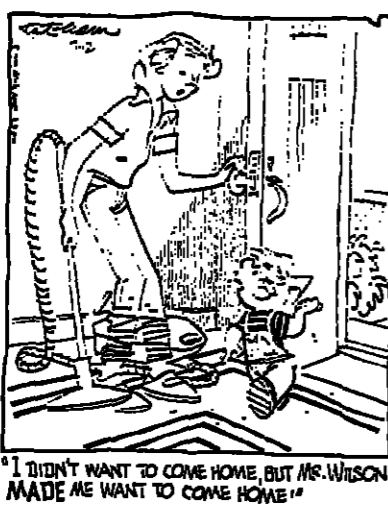
race because of a fire in his brake lines. Mansell, the defending series champion, moved into third place with 72 points.

Unser drove a flawless, uneventful race, while Mansell, in a Lola Ford Cosworth, had two close calls that could have eliminated him. "It was a pretty good run," Unser said. "I was fortunate to get a good start."

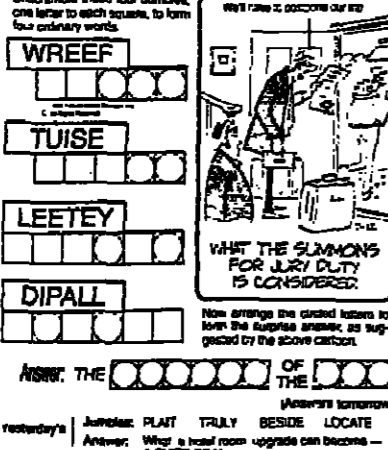
Mansell's first incident occurred when he was about to lap teammate Mario Andretti, who was trying to overtake slower traffic. They tangled.

In the closing laps, Mansell brushed the wall with his left rear tire.

DENNIS THE MENACE



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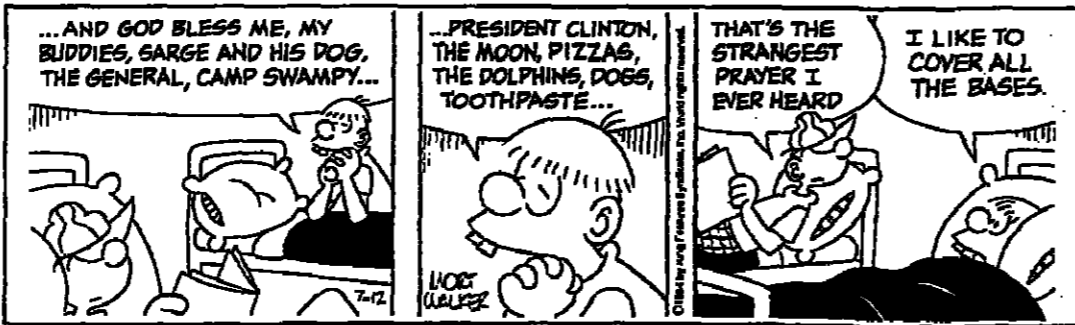
PEANUTS



GARFIELD



BEETLE BAILEY



DOONESBURY



CALVIN AND HOBBES



WIZARD OF ID



THE FAR SIDE



BLONDIE



SPORTS

Scorching the Pack, Indurain Takes Lead

By Samuel Abt
International Herald Tribune

BERGERAC, France — Big Mig is back.
Riding with his accustomed power, Miguel Indurain trashed the Tour de France pack Monday in an individual time trial and started toward his fourth consecutive victory in the world's greatest bicycle race.

There had been some doubts about the Spaniard's strength and speed because he finished third in the three-week Giro d'Italia in June after two consecutive victories in that race.

Worse, he failed to win a time trial after dominating the race against the clock in the Giro for two years.

Not to worry, Indurain answered his critics in the initial six kilometers (3.7 miles) as he clocked the fastest time to that first checkpoint. Then he began gathering speed.

Barely 10 kilometers later he had overhauled the rider who started two minutes before him, Lance Armstrong of the Motorola team. Other victims began turning up regularly in Indurain's wake.

At the end of the 64-kilometer time trial from Périgueux to Bergerac in the hospitable Périgord region of southwestern

France, the carnage was nearly total.
Indurain, who rides for the Banesto team, finished at least four minutes ahead of all 175 other riders except for his main rival, Tony Rominger. And the Swiss, who rides for Mapei-Clas, was able to limit his loss only to a big two minutes.

The winner was timed in one hour 15 minutes 58 seconds over a demanding course in a stifling heat in the low 90s Fahrenheit (30s centigrade). An intermittent light breeze did nothing to hinder the riders but kept tens of thousands of fans along the course from swooning.

Despite the heat, I tried to do my maximum and I think I succeeded," said Indurain, who can understand almost as well as he can time trial.

His face impassive, he gulped water from a big bottle once across the line and then continued: "I think we have the team to defend the jersey."

He is wearing the yellow jersey of overall leader by 2:28 over Rominger, with Armand de Las Cuevas, a Frenchman with Castorama, third, 4:40 behind. Thereafter the numbers belong to astronomy.

De Las Cuevas finished third

Monday with a deficit of 4:22. Thierry Marie, another Frenchman with Castorama, was fourth, 4:45 behind, and Chris Boardman, the Englishman who rides for the Gan team and who wore the yellow jersey for three days after he won the prologue on July 2, was fifth, 5:27 behind.

Although there probably will be many more challenges and surprises, Indurain answered the big question Monday.

He demonstrated that rhythm as he rode along a twisty back-country road that had several patches of melted snow. Up the gradual climb and down the steep descents went Indurain, his body immobile from the waist up to reduce resistance, his face set in concentration, his line of attack through the many turns always tight.

His power and speed were plain to see. At the 15-kilometer checkpoint, he led Rominger by 55 seconds, De Las Cuevas by 1:02 and Boardman, the former holder of the record for the hour's ride against the clock, by 1:36.

The lead increased by the

next checkpoint, at Kilometer 29.8, where Rominger was 1:23 behind, De Las Cuevas 1:59 behind and Boardman 2:28 behind.

The road became gentler after that, its curves tamed and its surface smoother. Indurain kept pounding and caught and passed De Las Cuevas with 10 kilometers to go.

An earlier casualty of the Indurain flypast, Armstrong, the American who is the professional road-race world champion, finished in 13th place, 6:23 down. He was hoping to monitor his development in the race against the clock since the last Tour and the finding was mixed: Last year he lost 6:04 to the winner, again Indurain, but finished 27th.

Further down the list was Luc Leblanc, the Frenchman with Festina who really decided Sunday to expand his energy by impressing fans in his native region and going on a long, and personally unsuccessful, break-away.

Leblanc finished 26th on Monday, 8:04 down, and ranks 16th overall. Possibly Leblanc believed all the hoopla about Indurain's loss of dominance and thought the time trial would be close.

Wearily referring to his two-minute deficit, he said, "I'll have to see if I can make it up in the mountains."

This 81st Tour will enter the Pyrenees on Wednesday and the Alps on July 19. The end of the three-week race is scheduled in Paris on July 24.

Although there probably will be many challenges and surprises before then, Indurain answered the big question Monday. He regained his rhythm, he said, in the first eight stages of the Tour.

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Miguel Indurain charged to a time trial victory Monday, taking the leader's yellow jersey.

Notre Dame to Join Big East, Except in Football, in 1995

Compiled by Our Staff From Dispatches
SOUTH BEND, Indiana — Notre Dame will join the Big East Conference in all sports except football in July 1995.

Notre Dame was approved by a unanimous vote of the Big East's 12 members, including the recent additions West Virginia and Rutgers, according to a written statement from the Reverend Donald J. Harrington, president of St. John's and chairman of the Big East Conference presidents.

Notre Dame has been a member of the Midwestern Collegiate Conference, a non-football conference, in every sport but basketball.

The fighting Irish will remain an independent in football.

Notre Dame was rumored to be among the teams considered when the Big East expanded in March to take in Rutgers and West Virginia, but the college presidents and chancellors de-

cided to limit membership to 12 schools.

But that decision did not rule out "what would be a unique exception to this policy," Harrington said. The addition of Notre Dame is "just such an exception."

The struggle in recent years of Notre Dame's men's basketball program has fueled speculation that the school would eventually have to abandon its status as an independent in the sport to gain the benefits of a high-profile league.

That speculation reached its peak late last winter, as differences between football and basketball interests within the Big East created what Commissioner Mike Donaghy called the "most serious threat in the history of the conference."

Notre Dame was interested in the possibility of a new, scaled-down Big East, that would have included both schools with major college foot-

ball commitments carried through with their threat to form a separate all-sports conference. The Irish were one of several teams that could have been added to the schools without major football commitments: Connecticut, Georgetown, St. John's, Seton Hall, Providence and Villanova.

But the league saved itself with the compromise admission of Rutgers and West Virginia, a move that secured the continued full-time membership of Boston College, Miami, Pittsburgh and Syracuse. But the financial prospect of splitting revenues with at least 12 other members was seen at the time as being less appealing to the Irish.

Notre Dame's athletic director, Dick Rosenthal, said at the time that while campus leaders were considering future options, he continued to feel that joining a conference was not essential.

(AP, NYT)

Will a Smile Turn Up on the Turnberry Course?

By Larry Dorman
New York Times Service

TURNBERRY, Scotland — There is not one Turnberry. There are two, three, perhaps even four Turnberrys.

Now fair, now foul, now warm, now cold, the climate and mood on the stark, northwest coast of Scotland change more often than the European Union and the swiftness and variety of the changes can be just as breathtaking.

The Turnberry we encounter this day, the weekend before the 123rd British Open golf championship is to be held, is a close kin to the day the Scots decided to invent whisky.

Wind, like the poet's whetted knife, slices across the Ailsa Course, blowing pinpoints, cold raindrops that hit the skin with a back-stab sting.

Whitecaps bare their teeth across the gray waters of the Firth of Clyde, and just one solitary golfer is brave enough to make his way around the links.

Bending at the waist as he comes up the 18th fairway leaning into the gale is the familiar figure of Gary Player. Naturally. Who else could it be? The man, now 58, is playing in his 40th consecutive British Open.

He has been in the championship every year since 1955, won it twice, yet his enthusiasm has not waned. He has been practicing here every day since last Wednesday.

A little pitiless Scottish weather to such a hearty soul is an occupational hazard no more troublesome than a split lip to a boxer.

"Something happens when I get here, I'm telling you, something magical," Player says. "There is just no place like this. This is golf. Why, today was so much different from yesterday. I hit 3-iron into greens where I hit 9-iron just a day before. It can change in an hour, a minute."

Besides, Player could tell you, this is nothing. You should have seen it in 1973, when a tent blew into the Firth of Clyde in the John Player Classic or during the first round of the 1986 British Open, here, when the wind blew between 36 and 49 miles (58 and 79 kilometers) an hour, and 49 players in the field could not break 80.

That was the day that Greg Norman called "the toughest ever in golf." Since Norman went on to win the

tournament, the observation was self-serving, but accurate.

It is possible to sit shivering on the promontory above the 12th green, next to the monument commemorating the dead aviators who trained on the runways that are now covered by fairways, and look back to the time when these grounds served a much more crucial purpose.

During World War I, the Royal Flying Corps trained here. The Royal Air Force took over Turnberry during World War II, laying runways and converting the sprawling hotel into an officers' mess and hospital.

It seems impossible to believe now, looking across the links land at the scrubbed elegance of the renovated 115-room hotel.

What must it have been like to try to land a Beaufort or a Blenheim in 40-mile-an-hour gusts like these?

Landing a golf ball on a green is, by comparison, a small matter.

This is a distinct part of the charm of this place. As big as this championship has become — and 48 of the world's top 50 players are here to make it the best field of the year — the

site should serve to mitigate against players becoming too bloated with self-importance.

The elements also conspire to do that. Here in the remote, craggy land hard by the sea, there are no certainties other than that life is a struggle.

On the surface, it appears the golf course should play easier than it did in 1986, when the field stroke average was 75.4. How much easier?

The rough should be thin, owing to a couple of unseasonably dry seasons, and the greens are receptive.

Turnberry's course superintendent, George Brown, went so far as to predict recently that someone might shoot 59 on the 6,957-yard (6,349-meter), par-70 golf course.

It would seem more likely for a phantom squadron of Wellingtons to resurface from the firth and land on the remnants of the runway to the left of the 12th hole.

The most likely script will be for Turnberry to show all four of its faces, and to smile, finally, on a worthy winner.

SIDELINES

Racehorse Arazi Undergoes Surgery

NEWMARKET, England (AP) — The former French wonder horse Arazi was under intensive care Monday after undergoing surgery.

The 1991 Breeders' Cup winner, now at Sheikh Mohammed bin Rashid al Maktoum's stud farm, was operated on after showing symptoms of colic. "Arazi's symptoms were serious enough to convince us that we had to open him up to see what the problem was," said Justin Wadham, a director of the stud farm. "What we found was a lot less serious than we first feared and, provided he gets through this critical stage, the prognosis is good."

Arazi scored a stunning victory in the Breeders' Cup Juvenile in Kentucky, and after several other big victories was billed as the best 2-year-old produced in Europe. But Arazi failed to live up to expectations in 1992, finishing eighth at the Kentucky Derby and fifth in the St. James's Palace Stakes at Ascot, England.

Peru Defeats Brazil in Davis Cup

LIMA (Reuters) — Peru defeated Brazil in their Davis Cup American zone second-round match and earned a chance to qualify for the world division, when Jaime Yzaga beat Fernando Meligeni in reverse singles.

Yzaga beat Meligeni, 4-6, 6-3, 6-4, 7-6 (7-5), in the first match Sunday to clinch the victory for Peru, which entered the last day of the three-day meeting leading 2-1. Jaime Onices of Brazil defeated José Luis Noriega, 6-2, 6-2, in the second match to make the final score 3-2.

In Newport, Rhode Island, the American David Wheaton topped his big serve to hold on for a 6-4, 3-6, 7-6 (7-5) victory over Todd Woodbridge of Australia on Sunday in the final of the Hall of Fame tennis tournament.

McCumber Ends His 5-Year Drought

WILLIAMSBURG, Virginia (Reuters) — Mark McCumber ended a five-year victory drought by running away with the Anheuser-Busch Classic.

McCumber fired a five-under-par 66 in winning the tournament for the second time in his 16-year career. His 72-hole total of 17-under 267 put him three strokes ahead of rookie Glen Day and five shots ahead of the 1994 U.S. collegiate champion, Justin Leonard. It was McCumber's first victory since the 1989 Western Open.

Queensland to Retain IndyCar Race

BRISBANE, Australia (Reuters) — The Australian IndyCar grand prix, the only race in the series outside North America, will remain on Queensland's Gold Coast until at least 1998, organizers said Monday.

IndyCar officials signed a new four-year contract with Australian organizers after the Cleveland grand prix in the United States on Sunday.

The agreement ended months of speculation over the future of the race, which has lost an estimated 50 million Australian dollars (\$36 million) since its introduction in 1991. Although this year's race in March attracted a record 243,000 spectators, the event lost an estimated 10 million dollars.

For the Record

Earl Strom, 66, a National Basketball Association official who whistled calls against players from Walt Chamberlain's generation to Michael Jordan's, died Sunday at his home in Pottstown, Pennsylvania. Strom, who retired after working the 1990 NBA finals, had undergone surgery in January for a malignant brain tumor.

More than one million people have attended 23 tour tennis events during the past six months, up 4.8 percent from a year earlier, the ATP announced Monday.

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE			
Team	W	L	Pct.
New York	30	23	.565
Baltimore	28	25	.528
Seattle	27	26	.509
Los Angeles	26	27	.490
Toronto	25	28	.472
Chicago	24	29	.452
Minnesota	23	30	.434
San Diego	22	31	.415
California	21	32	.396
Texas	20	33	.377
Oakland	19	34	.358
Seattle	18	35	.339

NATIONAL LEAGUE

Team	W	L	Pct.
Atlanta	24	23	.511
St. Louis	23	24	.489
Pittsburgh	22	25	.468
Philadelphia	21	26	.447
New York	20	27	.426
San Francisco	19	28	.405
Los Angeles	18	29	.384
San Diego	17	30	.363
Colorado	16	31	.342
Chicago	15	32	.321
Los Angeles	14	33	.300
San Francisco	13	34	.279

Sunday's Line Scores

Team	W	L	Pct.
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NATIONAL LEAGUE

5.25; B. Abraham Taloni, South, Mopel 6.54; P. Ahrhus Kapsulu, Lithuania, Ch. 6.07; I. Pieter Ustromov, Latvia, Gewiss 1m, 6.04.
7. Gianluca Barolami, Italy, Mopel 6.22; 12. Nica Emonds, Belgium, Mopel 6.16; 13. Susan Amersbach, N. Holland, 6.14; 14. Francisca Borge, Spain, Borge 6.14; 15. Sean Yates, Britain, Mopel 6.14.
Leading overall standings: 1. Miguel in alie, Spain, Borge, 41 hours, 19 minutes; 2. Thierry Davy, France, Castorama 4.05; 3. Thomas Davy, France, Castorama 4.05; 4. Des Las Cuevas, France, Castorama 4.05; 5. Gianluca Barolami, Italy, Mopel 4.04; 6. Thierry Marti, France, Calorima 5.51; 7. Thomas Davy, France, Castorama 6.04.

